

The NATIONAL UNDERWRITER

\$100 Worth *of Insurance, please...*"

THAT'S the way thousands of men buy insurance. Sounds simple, doesn't it? But insurance against what? How will it be paid?

There is one man who reads insurance policies with interest and understanding. He is the experienced insurance agent. He knows exactly what he is buying for you. Insurance against what—and when and how it will be paid. And when a loss occurs, he is your representative.

Insurance that minimizes the agent's function may lessen your protection, your service. Insurance is dollar protection. There are no cut-rate dollars for sale.

Let an experienced agent take a look at your business from an insurance point of view. Like a check-up by your family doctor, it can do no harm—may save your business life.

NATIONAL SURETY CORPORATION

VINCENT CULLEN, *President*

This is one of a series of advertisements appearing in national publications in the business and financial fields.

These viewpoints have tested sales and competitive power because they are founded on fact.

Use them!

HEALTH & ACCIDENT CONFERENCE ISSUE

THURSDAY, MAY 26, 1938



1913 •• 25th ANNIVERSARY •• 1938

IN THE short space of twenty-five years The Automobile Insurance Company has become one of the leading companies writing fire and marine insurance and offers underwriting and service facilities second to none.

From a modest beginning, with a capital of \$300,000 and a surplus of equal amount, the Company is today capitalized for \$5,000,000. Its last annual statement, December 31, 1937, shows assets of \$24,548,982.13 and liabilities of \$12,363,855.87 with a surplus to policyholders of \$12,185,126.26.

The wide scope of its business includes practically every form of fire, allied fire, inland and ocean marine insurance, protecting property of every conceivable description from the private possessions of an individual to the property of the largest industrial concerns.

Service offices, state and special agents are located in every section of the country and claim settling facilities are maintained in the principal cities throughout the world.

THE AUTOMOBILE INSURANCE COMPANY OF HARTFORD, CONNECTICUT

FIRE AND ALLIED LINES OF
I N S U R A N C E

INLAND AND OCEAN MARINE
I N S U R A N C E



CALLING ALL AGENTS
CALLING ALL AGENTS
CALLING ALL AGENTS

The new **COMPREHENSIVE**
AUTOMOBILE INSURANCE POLICY—

offered by these companies is as modern and up-to-date as the new streamlined cars and it affords the widest range of coverage ever offered in an automobile insurance policy.

No longer need your client buy a basic standard policy and then add coverage for this, that and the other forms of protection, at so much for each additional feature.

A policy in force may be endorsed to provide the full protection which the "Comprehensive" affords.

- It is also possible to include in the policy
- "TOWING AND ROAD SERVICE EXPENSE"
- "LOSS OF USE (BY THEFT)"
- "PROPERTY DAMAGE"
- "COLLISION OR UPSET"

Fire — Tornado — Ocean and Inland Marine and their allied lines.



Fire



Theft



Tornado
Cyclone
Windstorm
Hail



Earthquake
Explosion
Water Damage
Flood and Rising
Waters



Strikes
Riot and
Civil Commotion
Falling Aircraft
Glass Breakage
Vandalism



Malicious Damage
and
Many Unforeseen
Accidental Happenings

PROVIDENCE WASHINGTON

INSURANCE COMPANY OF PROVIDENCE, RHODE ISLAND

Incorporated 1799 ■ CAPITAL \$3,000,000

ANCHOR INSURANCE COMPANY

Incorporated 1928 ■ PROVIDENCE, RHODE ISLAND ■ CAPITAL \$1,000,000

American Equitable Assurance Company of New York
Organized 1918 Capital \$1,000,000.00

•

Globe & Republic Insurance Company of America
Philadelphia, Pa. Capital \$1,000,000.00 Established 1862

•

Knickerbocker Insurance Company of New York
Organized 1913 Capital \$1,000,000.00

•

Merchants and Manufacturers Fire Insurance Company
Trenton, N. J. Capital \$1,000,000.00 Chartered 1849

•

New York Fire Insurance Company
Incorporated 1832 Capital \$1,000,000.00

•

Sussex Fire Insurance Company
Newark, N. J. Incorporated 1928
Capital \$1,000,000.00

•

Sound—Progressive—Equitable

WRITING FIRE AND ALLIED LINES OF INSURANCE

Since organization this Group has paid losses in excess of
Two Hundred Million Dollars

Represented by leading insurance agents throughout the country

CHICAGO
PITTSBURGH

SAN FRANCISCO
KANSAS CITY

PHILADELPHIA
TRENTON

MONTREAL

92 William Street

Corroon & Reynolds
Incorporated
MANAGER

New York

Local Agents Gather in Many States

Guiding Principles Plan Considered in Wisconsin

President Thornton Outlines Project of Agents Association at Milwaukee Parley

MILWAUKEE—Judging from discussions of fire and casualty problems, ideas advanced to improve conditions and practices, and plans formulated for a program of continued effort in the interest of capital stock insurance and the agency system, the mid-year meeting of the Wisconsin Association of Insurance Agents here was most successful and worthwhile. W. C. Thornton, president, opened the conference with the request agents "open up" with their problems and find solutions in open discussions. He reviewed the seven months since the annual meeting in Oshkosh, saying this period brought developments as far reaching as during any period he has known. He cited the safe driver reward plan for automobile insurance, which he termed the "lucky driver reward plan." The association's executive committee opposed this plan. Another development of importance was signing of contract between companies and the agents definitely fixing agents' status as independent contractors and not company employees.

Make B. D. Suggestions

There was also, he said, the Business Development program. Mr. Thornton said the executive committee was not entirely satisfied with this program and has made a few suggestions to make it more attractive to agents. It is a major step in the right direction, he said, and he expressed hope it will develop into a valuable tool for local agents.

Membership increase this year is the largest in the association's history, the roster being 396, an increase of 115 since September. Ralph Martin, vice-president, heads the membership committee.

Guiding Principles

President Thornton mentioned the "Declaration of Guiding Principles" sponsored by the California Association of Insurance Agents, which he termed a splendid step to eliminate bad practices, but he felt a different approach to the question was advisable. A contract between two parties should involve give and take on both sides, he said. He said the Wisconsin association proposes to start out with a "Declaration of Guiding Principles for Local Agents," to which much time and thought will be given. It is hoped in the next year or two.

(CONTINUED ON PAGE 12)

Study Rate Regulation and Agency Qualification Laws

Nebraska Agents Instruct Officers to Study Desirability of Such Legislation

OFFICERS ELECTED

President—Carroll S. Morrow, Kearney.
First Vice-president—Everett L. Dawson, Lincoln.
Second Vice-president—Joseph Barker, Jr., Omaha.
Secretary-treasurer—Roy W. Staats, Fremont.
National councillor—Arthur B. Dunbar, Omaha.
Chairman of executive committee—L. Cecil Simpson, Fairbury.

Officers of the Nebraska Association of Insurance Agents were directed by unanimous vote at the annual convention held in Lincoln to make a survey of operations in other states of the combined workings of agents' qualification laws and rate regulation.

Joseph Greenberg, Omaha, who initiated the suggestion, said he had observed and been informed that the two were related, and where this has been done, chiselers and rebaters have been eliminated. Rate regulation is the club behind the door that makes the qualification law effective and leads to 100 percent agency representation. He said Nebraska is far behind in this respect. In Omaha alone there are 200 agents who could be classified as chiselers and rebaters, he said.

Arthur Dunbar Agrees

Arthur B. Dunbar, Omaha, national councillor, supported the proposal. He said an end must be put to the practice of "equities" otherwise agents' incomes shortly would reach the vanishing point. Resort to this plan of cutting rates is spreading wherever real or fancied competition exists, he said.

C. A. Abrahamson, Omaha, did not oppose the survey nor agents' qualification law, but he warned rate regulation might bring worse troubles than those complained of. He said combining rate regulation and qualifications would be fought by the companies because they are anxious to have as many agents representing them as possible and desire a free hand in selecting them and meeting competition. He said it would take away a valuable weapon from agents writing multiple state risks.

George Cowton, chairman of the executive committee, reporting to the convention on its activities, said the officers were pledged to continue efforts to secure reduction in automobile rates and believed Nebraska experience justified this position. He said present rates are not justified and the association would do all in its power to make a reduction effective.

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Alabama Agents Take Steps to Have Julian Renamed

Committee to Call on Incoming Governor; Other Constructive Action at Mobile Meet

OFFICERS ELECTED

President—Jos. F. Bulloch, Mobile.
Vice-president—Charles Morris, Tuscaloosa.
Secretary-treasurer—Ed. H. Moore, Birmingham.
Chairman executive committee—W. R. Mizelle, Birmingham.
National councillor—Past President Charles L. Gaudy, Birmingham.
Place of 1939 convention—Birmingham.

MOBILE, ALA.—Several constructive steps were taken by the Alabama Association of Insurance Agents at its annual meeting in Mobile.

Members adopted resolutions favoring continued effort to procure contingent commissions, inauguration of the banking plan for financing automobiles, strengthening of state insurance laws, and requesting reappointment of Insurance Superintendent Frank N. Julian.

President L. J. Thomas, of Dothan, who had served two years, retired from office.

There was a well arranged program of addresses and discussions, including talks by Superintendent Julian, on "Needs of Insurance"; W. Owen Wilson, past president and member National Association of Insurance Agents executive committee, on "Public Relations and Business Opportunities"; Executive General Agent Walter Meiss, London Assurance, on "Financing of Automobile Premiums"; W. G. DeMouy, superintendent casualty department Fidelity & Casualty, Atlanta on "Public Safety," and Raymond Daniel, resident vice president, "Insurance Field," on "Cycloramic Giraffes." Secretary-Treasurer Ed. H. Moore reported the association in good condition.

In connection with the contingent commission project, C. L. Gandy of Birmingham, past president, was continued as representative on the committee in

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Eight State Agents Meets Reported in This Issue

Eight state local agents meetings are reported in this issue as follows:

New York, Page 3
Alabama, Page 3
Wisconsin, Page 3
Nebraska, Page 3
Louisiana, Page 4
Mississippi, Page 4
Texas, Pages 30-32
Oklahoma, Page 33

N. Y. Agents Elect R. M. L. Carson As New President

Big Attendance at Syracuse Meeting—Well Balanced Program Presented

NEW OFFICERS ELECTED

President—R. M. L. Carson, Glens Falls.
Vice-presidents—Thomas A. Sharp, Rochester, and Warren E. Day, Syracuse.
Secretary-treasurer—J. W. Rose, Buffalo.
Board of directors—H. J. Burrall, Geneva; Richard Cary, Niagara Falls; S. F. Raleigh, Syracuse; Albert Dodge, Buffalo; K. C. Estabrook, Binghamton; H. H. Hatch, Massena; J. H. Miller, Utica; T. L. Rogers, Little Falls; A. J. Smith, New York City; W. F. Stanz, Brooklyn; R. E. Thompson, Valley Stream; A. C. Wallace, Goshen; R. D. Boyd, Gloversville; Roy A. Duffus, Rochester; W. J. Lane, New Rochelle; Hugh F. Morrison, Lake Placid; A. M. Mowry, Cattaraugus; R. T. Waterman, Poughkeepsie.

By RALPH E. RICHMAN

SYRACUSE, N. Y.—Lawrence Daw, manager Syracuse division, New York Fire Insurance Rating Organization, in addressing the annual meeting of the New York State Association of Local Agents, declared that his organization has pursued the practice of consulting with the state association committees before action on important subjects. That, he reported, had worked well and he advocated extension and strengthening of the practice.

How the extension of credit can be made safer by insurance, saving American business more than one billion dollars a year, was outlined by Charles H. Wilson, president Buffalo Association of Fire Underwriters.

The new executive committee elected by the directors Wednesday afternoon are the officers and T. L. Rogers, Albert Dodge, and John J. Roe.

F. L. Greeno, Rochester, succeeds Mr. Dodge as national councillor.

Report of the President

John J. Roe, Jr., Patchogue, president, reported that there is real cause for hope of practical action on company-agency representation of stock and mutual companies but that details are not ready to announce.

His address was a review of association decisions and activities during the

(CONTINUED ON PAGE 8)

Resolve to Unite On Legislation for Two States

Agents of Louisiana Held Their Annual Convention at Alexandria Last Week

NEW OFFICERS ELECTED

President — Albert M. Dreyfuss, Shreveport.
 Vice-president—O. Wharton Brown, Baton Rouge.
 Secretary-treasurer — Carroll S. Mayer, Baton Rouge (Reelected).
 New members executive committee—B. N. Sweeney, Rayne; Justin R. Querbes, Shreveport. Other members—A. S. Hahn, Winnfield; Charles P. Gould, New Orleans; George Nicol, Ruston; A. H. Petrie, Alexandria.
 National councillor—Matt G. Smith, Baton Rouge.

ALEXANDRIA, LA. — Progressive development of the Louisiana Insurance Society, Inc., in its drive to improve conditions for the local agent was indicated here at the 19th annual convention held in the Bentley hotel here last week. Success had marked efforts to procure better relations between agents and companies, while joint cooperation had promoted a better public understanding of the true functions of insurance, speakers declared. Accomplishments of the past were cited as a certain forerunner of events to come. Moreover current activities in promoting a broad program of improvement affecting all interests were described as assurance that there would be no cessation of effort until at least another stage in development had been reached.

Was Chairman Last Year

Albert M. Dreyfuss, Shreveport, elected president, was chairman of the executive committee last year. He succeeds Thomas C. Grace, Baton Rouge. The executive committee, meeting immediately after convention adjournment, reappointed R. Lea McClelland manager, marking the beginning of his seventh year at this post. By resolution prompted by urgency in the opening address of President Grace, the convention gave full indorsement to the joint Louisiana-Mississippi legislative program formulated in New Orleans April 27. This carried the promise of individual member agents that they would work with their respective representatives in the state general assembly to procure passage of the eight measures embraced in the program.

Legislative Measures Backed

The agencies formulating the program included the executive, conference and legislative committees of the Louisiana society and the Louisiana-Mississippi conference committee composed of eastern company executives and branch managers of Atlanta. The measures included follow:

1. Enactment of a law to prohibit mutuals from paying dividends unless earned.
2. Financial responsibility law.
3. State driver's license law.
4. Standard policy law for automobile public liability and property damage.
5. Compensation self-insurers law.
6. Resident agents' law as presently drawn.
7. Guests liability law.
8. To prohibit the secretary of state from licensing reciprocals.

These measures are now before the
(CONTINUED ON PAGE 48)

Presides at Wisconsin Agents' Mid-Year Meeting



W. C. THORNTON, Fond du Lac, Wis.

President W. C. Thornton of the Wisconsin Association of Insurance Agents, a local agent at Fond du Lac, presided over the mid-year meeting of the organization at Milwaukee in a most efficient way.

Charles C. Hoffman, 72, retired Willard, O., insurance man, died May 22.

Mississippi Agents Move to Adopt "Arkansas Plan"

Authorization Given at Annual Convention in Biloxi; Wells Is New President

OFFICERS ELECTED

President — Warren Wells, Greenwood.
 Vice-president — John Robinson, Jackson.
 Secretary-treasurer—Wirt A. Yerger, Jackson (reelected).
 National councillor—W. Coke Collins, retiring president, Hattiesburg.
 Directors — Mr. Collins, Ernest Waldauer, Greenville; E. A. Lang, Pass Christian; Frank Montague, Hattiesburg; W. J. Byrne, Natchez; W. F. Boone, Pontotoc; Frank Ransom, Aberdeen; H. E. Walton, Ruleville.

BILOXI, MISS.—Approval of the "Arkansas plan" for upbuilding the organization was voted by the Mississippi Association of Insurance Agents at the annual convention here. A resolution was adopted to adopt the plan in Mississippi.

Members learned of a future material decrease in rates, took stock of their achievements and inaugurated plans for further progress. The meeting here in one of the most beautiful Gulf resorts was held over the water, in the pavilion of the White House Hotel.

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Meiss Advocates Bank Financing at Alabama Meet

London Assurance Executive Urges Agents to "Recapture" Auto Commissions

Walter Meiss, executive general agent for London Assurance, who has been crusading for several years in the interest of bank financing-local agency insuring of automobiles, made another forceful statement of the cause in addressing the convention of the Alabama Association of Insurance Agents in Mobile.

Local agents last year, he estimated, lost \$25,000,000 in commissions because of the insurance hookup of financing companies. Much of this can be recaptured, he contended, through the cooperation of banks and local agents. The gains will have to be gradual but steady work will produce results, he predicted.

The fault lies with the insurance business, which has permitted the financing companies to develop a system where under dependence for profit is placed upon commission from the insurance transaction, according to Mr. Meiss. This system of wholesale insurance might just as well, he declared, be extended to the handling of all mortgaged property, wherever coercion can be applied or a common insurable interest be claimed.

System of Coercion Unsound

In combating the system, Mr. Meiss said, the agents must have a proposal that is in the interest of the public. The system of coercion, he declared, is economically unsound and contrary to the best interests of the automobile buyer, because it deprives him of the free choice of insurer and agent and imposes upon him an extra cost because of the unethical participation in the premium on the part of a financing company.

The answer is for the local agents in a community, preferably working through the local board, to persuade the local bank or banks to enter the field of direct loans to automobile purchasers. The bank must permit the purchaser to be free to place his insurance with an agent of his own choice and there must be no master policy, he contended.

The plan must be made free for the benefit of all companies and agents.

Activity Is Justified

The agents, he said, are entitled to use every weapon at their command to resist the activities of finance companies in the domain of insurance.

Mr. Meiss said he does not favor the suggestion that insurers jointly set up a financing institution. Nothing would be gained by the insurance business invading other and already adequately serviced fields of business.

Bankers in the past few years have become more and more receptive to the idea of developing a personal loan business, he said. They find these departments money makers, they bring people into the bank, and create good will. The banks have the funds to put into circulation, they don't make the "kick back" to dealers, they utilize present space and personnel and by operating in their own community can reduce collection expense, repossessions and losses to a minimum. They have as many free solicitors as there are agents and the banks do not need an insurance rebate.

Because the bank does not depend exclusively on this department, it can be selective in making loans and with a good experience can reduce the rate of interest. Most of the banks have fixed

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THE WEEK IN INSURANCE

Alabama Association of Insurance Agents, in annual meeting at Mobile, takes step to secure reappointment of Superintendent Julian. **Page 3**

Guiding principles plan is projected in Wisconsin Association of Insurance Agents. President Thornton states at midyear meeting in Milwaukee. **Page 3**

New York local agents hold annual meeting. **Page 3**

E. J. Perrin is reelected president at I. M. U. A. annual meeting. **Page 6**

Mississippi Association of Insurance Agents at Biloxi annual convention approves adoption of "Arkansas plan," elects Warren Wells president. **Page 4**

Oklahoma agents hold annual meeting in Oklahoma City. **Page 33**

Mid-year meeting of the Illinois Association of Insurance Agents is being held this week. **Page 55**

At its annual meeting Texas Association of Insurance Agents elects D. A. Clark president and adopts several resolutions urging the strengthening of the present insurance laws. **Page 30**

John C. Harding, western manager of the Springfield F. & M., was reelected chairman of the governing committee of the Western Underwriters Association. **Page 16**

Public relations was principal topic at mid-year meeting of Insurance Advertising Conference in New York. **Page 5**

Colorado agents revise attitude on enforcement of agency licensing law. **Page 6**

Annual meeting of the National Association of Independent Insurance Adjusters will be held this week in Indianapolis. **Page 5**

L. S. Senior predicts development of insurance code of ethics. **Page 38**

Change in laws held only way to curb \$3,500,000 deficit in New York workmen's compensation special funds. **Page 35**

A. C. Goerlich has been made educational director of the New York Insurance Society. **Page 17**

Walter Meiss, in addressing Alabama agents, carries forward his crusade in behalf of bank financing local agency insurance of automobiles. **Page 4**

Survey of possibilities of combining rate regulation and qualifications authorized by Nebraska agents at annual convention in Lincoln. **Page 3**

Changes in first part of New York law revision ready soon. **Page 37**

The safe driver reward plan is given approval in Indiana, without a rate increase. **Page 36**

Committees named in St. Paul for annual meeting of National Association of Insurance Agents. **Page 6**

Walter F. Beyer is chosen head of National Automobile Underwriters Association at annual meeting in New York. **Page 6**

Claude W. Fairchild of Association of Casualty and Surety Executives, tells Missouri Insurance Council value of public relations. **Page 35**

Safe driver controversy in Chicago is intense as brokers continue attack advertising. **Page 36**

Commissioner Earle of Oregon has approved the safe driver reward plan. **Page 36**

Lydon reelected chairman of governing committee of Bureau of Personal Accident & Health Underwriters at annual meeting. **Page 37**

Commissioned agents' status under U. S. and states' social security acts well clarified as "independent contractors," Ralph H. Kastner, associate counsel A. L. C., tells Health & Accident Underwriters Conference. **Page 21**

Superintendent Pink of the New York insurance department brought a hopeful message in his talk to the New York Association of Local Insurance Agents. **Page 5**

S. D. Pinney, Travelers, talks on retrospective rating. **Page 35**

Pink Sounds Note of Good Cheer to Insurance Agents

New York Superintendent Shows Great Stability of Underwriting Structure

SYRACUSE, N. Y.—Superintendent L. H. Pink of the New York insurance department, in speaking before the New York State Association of Local Agents, finds that the great trouble in this country is gloom. Too many people, he said, are discouraged. Insurance has gone through panic without serious loss and public confidence is noted everywhere in the institution. There are some 64,000,000 holders of life policies. Almost every family has an interest in some form of insurance.

Trusteeship Pointed Out

Mr. Pink said that the great accumulations of capital controlled by the insurance companies are not the property of a few men but represent the savings of the great mass of people. These investments are made by small contributions from millions of individual policyholders. Those in charge are trustees. Insurance, he says, has an investment of over six billion dollars in the securities of federal and local governments, three and a half billions in railroads, three billions in public utilities and over a billion and a half in bonds and stocks representing fundamental industries. It is fortunate, he said, that this large part of the national wealth is not in the hands of those who have something personal or selfish to gain. They are obligated by the most sacred of all trusts to see to it that the investments are the safest and soundest possible and produce a steady return.

Restoration of Confidence

Superintendent Pink said that the greatest need today is the restoration of confidence in the integrity of industry and of government. He declared that the conditions in this country are fundamentally sound. In the United States he said the people have greater wealth and skill, more cause for hopefulness

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Adjusters' Annual Meeting This Week at Indianapolis

L. A. Gouldman of Little Rock, Head of the Organization, Is in Charge

INDIANAPOLIS—All arrangements have been completed for the convention of the National Association of Independent Insurance Adjusters at the Hotel Severin, Thursday, Friday and Saturday of this week. L. A. Gouldman of Little Rock is president. Executive Secretary W. H. Moore of Wichita, who has been in the hospital for some time, has been able to return home and it is announced that he will be present.

Features of the Program

The program starts Thursday morning and will be given over to association work including the president's address, report of the secretary and committees. The set addresses will begin at the afternoon session and continue through both sessions Friday. A buffet supper will be given Thursday evening, all being guests of the Indiana Association of Independent Adjusters. The banquet will be held Friday evening. There will be a breakfast conference Friday morning, one section devoted to casualty and allied lines and the other to fire and allied lines. The executive committee will have a breakfast conference Saturday morning.

Officers of the Association

The election of officers will be held Saturday morning. Supporting President Gouldman will be First Vice-president J. R. Hanrahan of Chicago; Second Vice-president J. P. McHale of Los Angeles, and Third Vice-president J. E. Gay, Jr., of Winston-Salem, N. C. J. L. Wilkey of Birmingham is chairman of the executive committee, his associates being C. E. DeWitt of Dallas; O. H. Shade of Mitchell, S. D.; A. M. Foley of South Bend, Ind., and A. C. Larsen of Tucson, Ariz.

I. T. Swain of Indianapolis is chairman of the convention committee, it being comprised of Indiana men, his associates being H. G. Dougherty and Eugene McIntire of Indianapolis; Thomas Duncan of Evansville; George White and A. M. Foley of South Bend; Robert Denton and Glenn Baker of Fort Wayne.

John Kelly of Henderson Brothers, Pittsburgh, is a patient in Mercy hospital there.

Adjusters Meeting



LAWRENCE A. GOULDMAN, Little Rock

President L. A. Gouldman of the National Association of Independent Insurance Adjusters will preside over the annual meeting at Indianapolis the latter part of this week. This organization is creating much attention. It has great possibilities. President Gouldman is giving it much attention.

Seek Maryland Fire Marshal Law and .5% Premium Tax

BALTIMORE, May 24.—Fire prevention, investigation and enforcement of stringent state laws are some of the objects that will be sought by the Maryland State Firemen's Association at the next session of the legislature.

The program is to be submitted at the convention of the organization on June 15-17. It provides for creation of a state fire marshal's bureau; regulation of liquids, filling stations, cleaning establishments, transportation and bulk storage of gasoline and manufacture, storage and sale of fireworks.

To cover the expense a tax of one-half percent on the gross fire insurance premiums is proposed.

The bureau would be made up of a fire marshal and three assistants. The committee declares that the present set-up under the insurance commissioner is wholly inadequate.

Public Relations Is Big Topic At N. Y. Conference

Mid-year Meeting of Insurance Advertising Men Is Held

By DOROTHY B. PAUL

NEW YORK—Public relations was the chief topic for discussion at the general session of the mid-year meeting of the Insurance Advertising Conference here.

President Arthur A. Fisk, advertising manager Prudential, in opening the meeting, said: "Agents are the best developers of favorable public opinion of insurance. There is no business more thoroughly supervised by public officials than insurance and it stands as a rock against criticism. Favorable public opinion is being sustained by constantly improving service. There is no need to worry about public confidence with half the population insured and the other half waiting until they can insure."

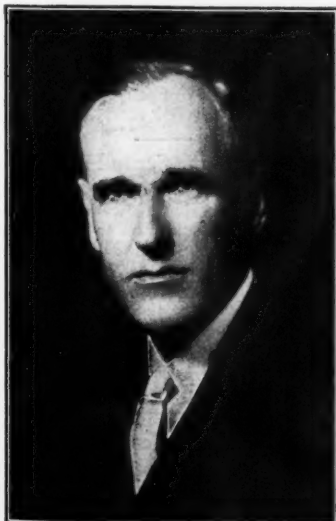
Individual's Responsibility

Harry K. Schauffler, National Board, stated the reputation of the insurance industry is the responsibility of every individual person engaged in the insurance business. "Let agents never forget that they are wearing on their sleeves the reputation of the company and industry they represent," he said. "If agents are proud of the company and business they represent and brag of its public services, their friends will respect and wish to do business with that kind of an industry." He told how this idea was developed in the American Telephone & Telegraph Co., with which he was formerly associated. "Public opinion is the greatest force in this country and goodwill advertising and every form of reputation building is the soundest basis for future sales," he commented. He called attention to the increased buying of mail-order insurance featuring cheapness and said that the importance of quality is the keynote of the advertising campaign of the National Board.

"In every advertisement stress is placed on the security to policyholders

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NATIONAL BOARD IS IN SESSION THIS WEEK



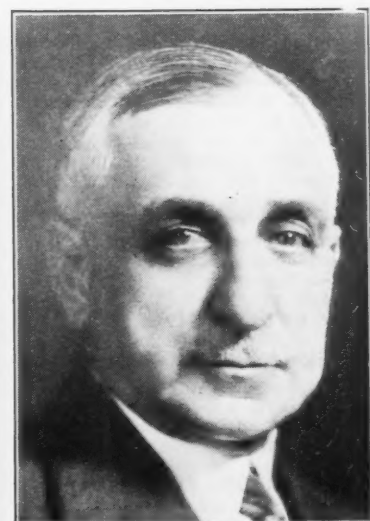
P. B. SOMMERS, American President



F. D. LAYTON, National Conn. Vice-President



B. M. CULVER, America Fore Treasurer



W. E. MALLALIEU, General Manager

I. M. U. A., in Annual Meet, Reviews Premium Gains

E. J. Perrin, Jr., Is Reelected President—New Lloyds Attitude Is Commended

The report of the administration at the annual meeting of the Inland Marine Underwriters Association in Huntington, L. I., referred to the fact that inland marine premiums in 1937 increased 17½ percent over the previous year. I. M. U. A. companies wrote 95 percent of the business compared with 95.1 percent the previous year and 93.9 percent in 1935.

The report was presented jointly by President E. J. Perrin, Jr., Executive Committee Chairman W. F. Boyland and Secretary H. L. Lewis.

Although the loss ratio continues favorable, certain lines, especially the personal property floater, the report asserts, must be watched closely.

The decision of London Lloyds not to compete for any class of business over which I. M. U. A. has jurisdiction has already produced benefits, according to the report. Several leaders in the association happened to be in London at the time that Lloyds was discussing whether to limit inland marine reinsurance to risks written in conformity with I. M. U. A. rules and rates. These I. M. U. A. members were able to give Lloyds much good advice.

Approximately 80 members were in attendance at the I. M. U. A. meeting.

Mr. Perrin, who is vice-president of the Automobile, was reelected president; F. W. Koockert, United States manager Commercial Union, and H. T. Chester, Chubb & Son, were elected vice-presidents, and W. J. Boyland, manager St. Paul F. & M., was reelected chairman executive committee. New members of the executive committee are: S. W. Carey, III, Appleton & Cox; J. C. Keegan, marine vice-president Providence Washington; L. C. Lewis, marine vice-president North America; F. B. McBride, manager Atlantic marine department Fireman's Fund, and W. Ross McCain, president Aetna Fire.

The administration referred to the appointment of an arbitration committee to confer with fire representatives in disputed claims involving the liability of two or more groups of carriers. The executive committee also designed a plan for handling conflicting losses in inland and ocean marine covers.

The association has a present membership of 173 companies. Recent new members are: Caledonian, Seaboard, Manhattan F. & M., Union of Paris, Empire State, Detroit National, Ohio, Eagle Star, and Universal.

The executive committee referred to the war risk situation.

"While the war risk restrictions have not yet been made applicable to coverage within the United States and Canada on property not involving import or export shipments, it is anticipated that when all essential interests are prepared to treat with all so-called shore risk liability within the United States and Canada this association will willingly fall in line with such an undertaking. It is recognized that many of the fire underwriters both in this country and abroad, are anxious to bring about an agreement on the subject and we should be willing and prepared to cooperate with them."

Komaiko New Grandfather

S. B. Komaiko, well known Chicago agent, now is a grandfather. He received cable advice this week of birth of a daughter to his daughter, Mrs. Pearl Belchetz, and son-in-law, Dr. Arnold Belchetz, at Cairo, Egypt.

Dr. Belchetz, a Cambridge graduate, is chemist of the Anglo-Egyptian Oil Field at Suez. Mrs. Komaiko has been visiting with the couple four months.

W. F. Beyer Heads National Automobile Underwriters

Former Treasurer of Association Is Chosen at Annual Meeting in New York

NEW YORK—At an unusually well attended annual meeting of the National Automobile Underwriters Association here, Walter F. Beyer, Home of New York, was elected president.

L. E. Falls, vice-president American, was elected vice-president; C. E. Case, assistant U. S. manager North British, is treasurer. New directors are C. A. Nottingham, Royal-Liverpool, and C. C. Hannah, Fireman's Fund.

Mr. Beyer, the new chief executive, was formerly treasurer of the organization and has been upon its directorate for nearly 10 years. By virtue of his long association with the business and the large volume of premiums written by the Home group, of which he is a senior official, he is justly held to be one of the foremost automobile underwriters.

Started with St. Paul

Following graduation from the University of Minnesota, Mr. Beyer, abandoned the idea of going to the Philippine Islands as a government forestry expert, for which his degree in forestry attested his fitness, and entered the marine department of the St. Paul Fire & Marine in 1912. For some months, as special agent in the marine division, he traveled extensively throughout the United States and Canada, developing marine lines and specializing on the then relatively new automobile cover.

Mr. Beyer was a captain in the infantry during the World War. In 1918 he reentered the employ of the St. Paul F. & M., but resigned in 1919 to become assistant manager of the automobile department of the Home. His advancement was rapid, becoming assistant secretary in 1928, office manager two years later, secretary in 1931, and a vice-president of all member companies of the group March, 1935. He is as well a director of the Home Indemnity, National Liberty, Baltimore American, and the Gibraltar F. & M. He is also a member of the board of the National Automobile Theft Bureau and Insurance Society of New York. He resides in Westfield, N. J.

Fitchburg Mutual Head Dies

F. W. Porter, 70, president of the Fitchburg, Mass., Mutual Fire, for seven years past, died suddenly at his home Monday night. He was born in Dorchester, Mass., and after graduating from the English high school began his insurance career in his father's Boston agency. He went with the Fitchburg Mutual in 1915, was made secretary two years later, became general manager in 1926 and president in 1931.

St. Paul Convention Committees Are Named

Immediately following the mid-year meeting of the National Association of Insurance Agents at Hot Springs, Ark., the delegation of the Insurance Exchange of St. Paul, met to make arrangements for the 1938 annual convention which is to be held in their city the week of September 26. John P. McGee, president of the exchange, who was chief spokesman for St. Paul's invitation, has announced the following chairmen:

General Convention, G. H. Radcliffe; Publicity, J. M. Hannaford, Jr.; Registration, S. C. Aldridge; Hotel, John P. McGee; Entertainment and Golf, A. W. Harris; Finance and Purchasing, G. A. Morton; Reception, E. L. Rogers; Cooperation, R. A. Burns; Transportation, F. S. Rogers; Information, Fred A. Benjamin.

New Colorado Statement Has Now Been Prepared

Original Statement of Facts Was Withdrawn by Denver Group

DENVER—The original statement of facts on improper agent licensing which was drawn up jointly last month by the Colorado Association of Insurance Agents, and the Denver Association of Insurance Agents was unanimously dropped at a meeting of the Denver group. Representatives of associations at Pueblo and Colorado Springs attended, and supported the move. In order to file the statement formally as a complaint with Commissioner Cochran, it was taken by Fredric Williams, secretary of the Rocky Mountain Fire Underwriter's Association, to New York, for approval by the supervisory committee. Approval was not given; instead the committee drew up a substitute statement which was submitted to five committeemen appointed from both associations. No agreement could be reached, and at the meeting it was voted to drop the original statement entirely.

This action was immediately followed by a meeting of the Colorado Association of Insurance Agents in Colorado Springs, when a new statement of facts was drawn up independently. The second statement is modeled after California underwriting principles, and was approved by the board of directors at the meeting. It was also decided to publish an "honor roll" list of those companies in the mountain field that have promised to cooperate in ridding the territory of agents without proper qualifications. With complete approval already given, the new statement of facts with a request for an immediate hearing will be filed with Commissioner Cochran at once. Herbert Fairall, president of the Colorado Association of Insurance Agents, presided at the meeting.

Marine Underwriters Reelect

H. H. Reed, president, and all other officers were reelected at the annual meeting of the Association of Marine Underwriters of the United States.

Name Has Been Changed

MINNEAPOLIS — The Hardware Mutual Fire has changed its name to the Hardware Mutual with home office at Minneapolis.

Insurance Stipulations No Factor in Plane Crash

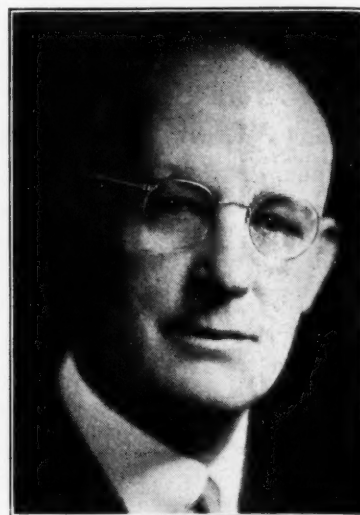
NEW YORK—No foundation whatever existed for the unfortunate erroneous report carried by the Associated Press in connection with the fatal crash of a new Lockheed transport plane in the west to the effect that the plane might have been flying low because of the insurance underwriters' requirement that it keep within sight of ground at all times during the delivery flight.

Retraction was made by the A. P. the following day after the Aero Insurance Underwriters and the Lockheed factory had denied that any such condition was in the policy. The only requirement made by the insurer in such cases is that Department of Commerce rules be observed and that planes stay within 50 miles of lighted air lanes.

While those having any knowledge of aviation insurance recognized at once that the first report must have been inaccurate, it was unfortunate that a false impression was given many general readers.

Obviously, the only conditions that would be imposed by an underwriter would be in the direction of greater safety rather than increasing the hazard.

Second Man in General Agents Association



FRED R. LANAGAN

Fred R. Lanagan, who was elected chairman of the executive committee at the recent annual meeting of the American Association of Insurance General Agents, and thus is placed in line to be elected president next year, is president of the Daly General Agency of Denver. He graduated from Stanford University in 1908 and joined the Pacific Board at San Francisco as an examiner. In about a year he was transferred to Butte, Mont. Within a few months after that he joined Fireman's Fund as special agent for Montana, Wyoming, southeastern Idaho, and Utah with headquarters at Denver. He continued with that company until 1923, except for war service. In that year he became associated with Clarence J. Daly, president of Capitol Life of Denver, in the formation of the Daly General Agency. Mr. Lanagan became vice-president and later president.

This general agency supervises Colorado, Wyoming and New Mexico for some 12 fire and casualty companies. He is a past most loyal gander of the Colorado Blue Goose and is past president of the Mountain Field Club. He is now serving as chairman of the advisory committee of the Fire Companies Adjustment Bureau.

Ballot on Brokers Slate

NEW YORK—Should the mail vote now being conducted confirm the slate, the following will be elected officers of the National Association of Insurance Brokers for the new year: President, H. W. Schaefer, New York; vice-president, H. G. Sawtelle, St. Louis; secretary, Arthur C. Goerlich, New York; treasurer, E. S. Litchfield, Boston; chairman executive committee, F. H. Hohweiser, San Francisco. The association was formed in 1934.

Kohlhagen with State Farm

A. W. Kohlhagen has resigned as loss superintendent in the western department of Fire Association to take the position of claim supervisor of State Farm Fire of Bloomington, Ill.

Mr. Kohlhagen was selected due to his years of experience in claim supervision in the central and western territory where the majority of State Farm Fire business has been secured, President G. J. Mecherle advises.

Home's Los Angeles Roundup

LOS ANGELES—The Home and Franklin had a roundup of 16 southern California and Arizona field men here. At the dinner Sam Behrendt and I. O. Levy of the Behrendt-Levy agency were presented with 25 year service medals.



PERSONAL EFFECTS—

When away from home
are not always in such
responsible hands.

HERE ARE A FEW
of the
"ALL RISKS" FLOATERS
written by
LOYALTY GROUP

- CAMERA
- FINE ARTS
- GUN
- JEWELRY
- MISCELLANEOUS PROPERTY
- MUSICAL INSTRUMENTS
- NEON SIGNS
- PARCEL POST
- PERSONAL EFFECTS
- PERSONAL FURS
- RADIUM
- STAMP & COIN COLLECTIONS
- WEDDING PRESENTS

To keep pace with modern trends, the alert agent must equip himself with **INLAND MARINE "ALL RISKS" facilities.**

Loyalty Group, through its Inland Marine Division, is ready to serve agents and policyholders everywhere.

LOYALTY GROUP

Firemen's Insurance Company of Newark, N. J.
The Girard Fire & Marine Insurance Company
National-Ben Franklin Fire Insurance Company
The Metropolitan Casualty Insurance Co. of N.Y.

Milwaukee Mechanics' Insurance Company
The Concordia Fire Insurance Co. of Milwaukee
Pittsburgh Underwriters • Keystone Underwriters
Commercial Casualty Insurance Company

Western Department
844 Rush St.
Chicago, Illinois

Southwestern Dept.
912 Commerce St.
Dallas, Texas

HOME OFFICE
10 PARK PLACE
NEWARK, NEW JERSEY

Canadian Dept.
461 Bay St.
Toronto, Canada

Pacific Department
220 Bush St.
San Francisco, Calif.

BANISH WORRY—SELL "ALL RISKS" PROTECTION

London & Lancashire Governor Eyes World Scene

The observations of Sir Frederick Pascoe Rutter, governor and chairman of London & Lancashire, on conditions in England and throughout the world as well as upon affairs of the company, are always followed with interest. He has an intimate knowledge of conditions in the United States and hence his reflections upon trends in this country are especially worth while. These observations are made at the annual general meeting.

He commented upon the necessity of England making good the large excess of imports over exports by means of invisible exports, consisting of foreign lending, shipping, banking and insurance. Although the invisible exports have been recovering, in 1937 they were still £84,000,000 less than they were 10 years previously. They are inadequate to cover the deficiency.

Foreign Lending Situation

The situation as to foreign lending is not encouraging, he observed. "You might lend in America," he said, "but there you have an uncertain condition of markets, and the future financial position for at least another two years cannot be predicted. So much has happened to disturb the monied interests, and the workers themselves because of the expectations which are being held out to them, that it would take several years for the United States, with the sanest and most stable administration, to settle down to the new condition of things—a new financial atmosphere which has come to stay, and which no administrator can radically alter."

He voiced the opinion that the chancellors of the exchequer have not realized how much the revenue of Great Britain has been indebted to British insurance companies for their successful enterprise throughout the world.

Foreign Profit Greater

As an indication, he said that the profit of London & Lancashire outside the United Kingdom has for many years been almost twice as much as the profit made in its home country. Accordingly, income from taxation, income tax, etc., which the British government has received from London & Lancashire has been much larger than it would have been if the company had confined its operations to its home shores. In the past 20 years, the taxes which London & Lancashire has paid to the British



SIR FREDERICK PASCOE RUTTER

government upon the profits of its foreign business alone have amounted to more than £2,500,000.

"But," he declared, "our efforts are by degrees becoming more cramped.

Country after country from which we used to make good profits have gradually been wiped off our maps, or so emasculated that the power of production has been seriously minimized."

He referred to the fact that valuable business in Mexico had been wiped off the map. The experience in South America has been poor. Income from China has been reduced.

Sir Frederick said he deplores "the nationalism so called which has been gradually spreading like a pernicious infection or a swarm of locusts to the detriment of the free trading to which we were accustomed 50, 40 and even 30 years ago. And it may take a long time for nations to realize that, after all, they cannot regain their prosperity if they are self contained."

Premium income of London & Lancashire increased £507,028 in 1937. Of the increase £170,610 came from the accident department and £310,690 from the marine.

Sir Frederick said he regrets that more of the increase did not come from the fire business.

The profit in the fire department was £366,720; accident, £100,629 and marine £35,853. The profit ratio was 7.47.

Total Reserve Funds

The total reserve funds amount to 181 percent of premium income. The funds, as a matter of fact, are more than this because they are much larger than the book value. The appreciation has not yet disappeared, notwithstanding what happened during 1937 and the first four months of 1938. The excess over book

(CONTINUED ON PAGE 47)

N. Y. Agents Elect R. M. L. Carson President

(CONTINUED FROM PAGE 3)

past year. He cited the constitutional convention proposals which threatened the welfare of insurance and urged their defeat. He indicated that he favors the delay of the New York department in acting on the safe driver reward plan until some single plan could be agreed upon which might avoid the confusion of many plans.

Government Favors Cooperatives

Evidence of government sponsoring of cooperative and state operated business was submitted by Charles F. Liscomb of Duluth, president of the National association. He cited remarks of Secretary of Agriculture Wallace and action of Secretary of Labor Perkins. The state and National associations, he said, had been successful in preventing losses to agents' incomes against the en-

croachments of this government sponsoring.

Before beginning his address on compulsory automobile accident compensation insurance Lewis C. Ryan, Syracuse attorney, urged agents to be present next Wednesday in Albany at the public hearing on the constitutional proposal to provide for the insurance legally. Mr. Ryan took the place listed on the program for Stewart F. Hancock, his law partner, who is general counsel for the New York state association. His address is a complete exposition of the reasons against enactment of compulsory compensation for automobile accidents. His address is to be circulated in pamphlet form. Thomas A. Sharp, chairman committee for study of compulsory insurance, warned the agents not only to fight the proposed constitu-

tional plan, but also to fight aggressively for sound solutions to the automobile accident problem.

The work of the National Conservation Bureau maintained by stock casualty companies was praised by Charles H. Tuke, Rochester, the first speaker Tuesday afternoon. Mr. Tuke is chairman of the street and highway safety committee.

Public Relations Tasks

Three major tasks of public relations confront the agents, according to William T. Lane, Syracuse, Lane advertising agency. First to teach that insurance is not a luxury, second that stock insurance is the preferred form, and third that the agents' offices are the best qualified to handle it. The Syracuse Underwriters Exchange is doing this in Syracuse by advertising weekly in the Syracuse papers.

President Roe introduced David Miller, Penn Yann agent and a delegate to the New York constitutional convention. Oscar Beling, superintendent agency systems department, Royal-Liverpool, then gave his address on streamlining agency systems department. A principal theme was that records should be set up to serve production of business as well as recording of business, kept by an office staff alive to sales possibilities.

David C. Beebe, New York, president United States Aviation Underwriters, said there are now about 31,000 licensed aircraft in the United States. Premium volume in the field is today about the same as it was in 1930. Control of this volume has changed from a few brokers specializing in it to a widespread number of agencies. Any agent can get aircraft business from his own clients if he will take advantage of simplified handling worked out in recent years, he reported. While there are fewer planes today than seven years ago, they are much better and more expensive planes presenting a greater catastrophe hazard. The aviation underwriter must give more detailed attention to operating personnel than in many other fields and to fight safety engineering. The business is threatened at this time by compulsory liability insurance through activities of the American Bar Association and the commissioners for uniform state laws. Sometimes the laws of several nations must be considered in settling losses. In aviation the tendency is toward greater catastrophe hazard due to larger passenger ships.

Following a eulogy of F. S. Hawley, Buffalo, deceased, by Eugene Beach, Syracuse, the convention observed a moment of silence in tribute to him.

J. J. Magrath, Chubb & Son, New York, reported that a conference is being held Wednesday of this week by

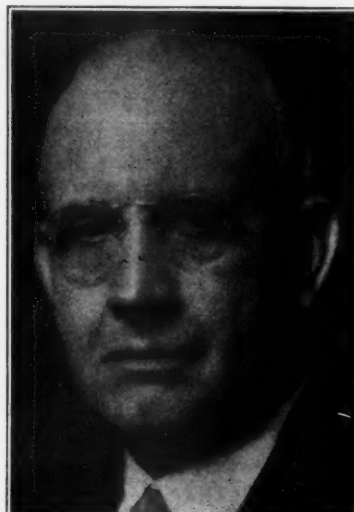
LEADERS AT NEW YORK AGENTS CONVENTION



R. M. L. CARSON, Glens Falls
New President



JOHN J. ROE, JR., Patchogue
Retiring President



J. W. ROSE, Buffalo
Secretary-Treasurer

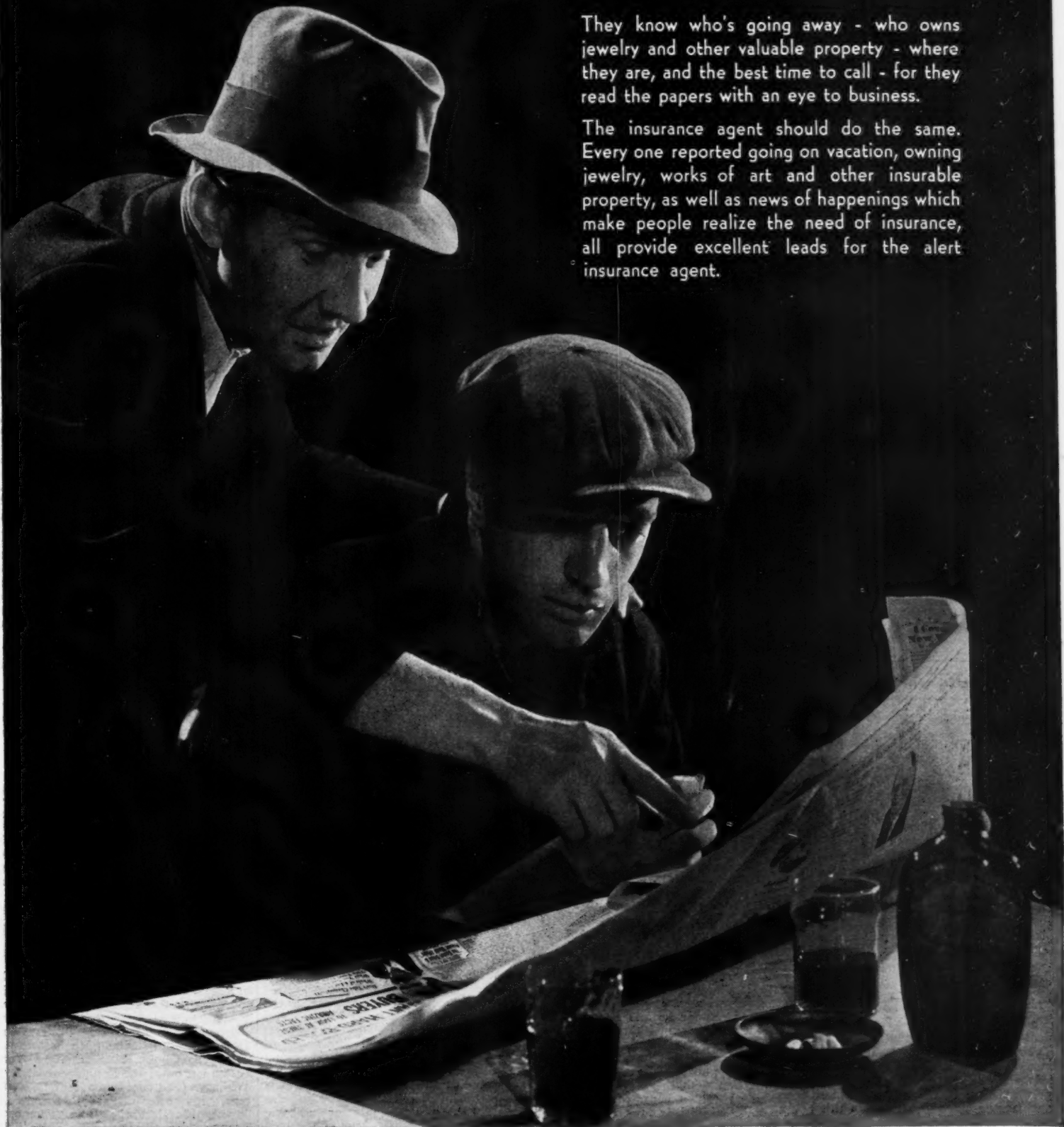


THOMAS A. SHARP, Rochester
Vice-president

BURGLARS SELECT THEIR PROSPECTS - DO YOU?

They know who's going away - who owns jewelry and other valuable property - where they are, and the best time to call - for they read the papers with an eye to business.

The insurance agent should do the same. Every one reported going on vacation, owning jewelry, works of art and other insurable property, as well as news of happenings which make people realize the need of insurance, all provide excellent leads for the alert insurance agent.



America Fore Insurance

THE CONTINENTAL INSURANCE COMPANY
FIDELITY-PHENIX FIRE INSURANCE COMPANY
AMERICAN EAGLE FIRE INSURANCE COMPANY
FIRST AMERICAN FIRE INSURANCE COMPANY

Eighty Maiden Lane.



and Indemnity Group

NIAGARA FIRE INSURANCE COMPANY
MARYLAND INSURANCE COMPANY OF DELAWARE
THE FIDELITY AND CASUALTY COMPANY

BERNARD M. CULVER, President
FRANK A. CHRISTENSEN, Vice-President

New York, N.Y.

NEW YORK

CHICAGO

SAN FRANCISCO

ATLANTA

DALLAS

PHILADELPHIA

Superintendent Pink, and committees of the National Bureau of Casualty & Surety Underwriters and of the mutual companies to consider what plan will be followed in the state on automobile insurance rates and safe driver rewards. The bureau has objected to the plan tentatively proposed in New York as a substitute for the bureau's safe driver plan. This substitute would provide a 5 percent credit for 21 months of driving without an accident and surcharges for poor driving records.

Savings bank life insurance in New York was discussed by Julius H. Cohen, New York broker. He reviewed the history of its enactment and warned that fire and casualty agents have a vital interest in watching operation of this law.

Wellington Potter Speaks

Wellington Potter, Rochester, was called upon to speak on cooperative competition. He criticized the buying of products by stock fire companies from firms whose names are used in advertising of mutual insurance or who buy mutual insurance. He advocates a united front on the part of companies and agents by every means in combating mutual insurance.

A resolution was adopted affirming allegiance to stock company agency representation and stating that the mutual threat to stock agencies calls for positive cooperation of all stock companies with the state association and local boards in "adhering to a rule that no agent shall be eligible for association membership who places business with a non-stock company either as agent or broker." The association declared against the constitutional convention proposal for compulsory automobile accident compensation or for any proposed monopolistic state workman's compensation fund.

The convention closed with the banquet Tuesday evening addressed by Superintendent Pink and Dr. Glenn Frank, editor of "Rural Progress."

The final registration was 559, an all time record, exceeding last year's record of 441. The banquet attendance was 750.

CARSON'S CAREER

R. M. L. Carson, the newly elected president of the association, has been in the business in Glens Falls since 1901 and now operates the Carson agency. He is vice-president of the New York state school board association and chairman of its committee on insurance and bonding problems. In Glens Falls Mr. Carson is a member of Rotary, head of the Adirondack Mountain Club, and vice-president of the Glens Falls Savings & Loan Association. He has served as a director of the Adirondack Local Agents Association.

The program was unusually well balanced, including organization of plans to combat movements threatening the agent's business, detailing of information affecting the business and practical application of selling skills.

Liscomb Sees Threat

The addresses of Charles H. Wilson, president Buffalo association; Stanley W. Tebbets, executive special agent Continental, and W. D. Wilson, special agent America Fore, centered about the development of sales skill in presenting insurance to the customer. It is in this field that there is room for the greatest advance of most fire and casualty agents. Mr. Tebbets and W. D. Wilson showed how to use specific loss settlements of extra expense insurance and chart analysis of reporting covers for selling. Charles H. Wilson explained how to go about the job of making the customer a logical purchaser of insurance, viewing it as a whole instead of piece meal, and knowing why he buys just what he does buy. No more effective public relations work could be done than to have thousands of local agents use the kind

of sales skill exemplified by the addresses of these three men.

The threat of collectivism is developing from a veering to the left in the new feeling for community life and social security. C. F. Liscomb, president National Association of Insurance Agents, told the New York gathering in a talk on "The Public Be Served." The agents are not closely concerned with the many types of funds set up in the name of insurance by the federal government, except, he said, that "an honorable business has been twisted from its meaning and has been taken over by the government to apply to all of these funds, leaving the lay mind groping as to what insurance really is. We are deeply concerned when the government actually steps into our business and under the name of consumer-cooperative undertakes to destroy it."

In this day of social consciousness, Mr. Liscomb said, the agents cannot afford to talk glibly about agency service; they must perform a real service. Their minds and hearts must not be bound up solely in the commission income. Evolution in public thinking bears not only social significance but business significance.

Notes Wallace's Talk

Mr. Liscomb commented on the Omaha talk recently of Secretary of Agriculture Wallace in which he stressed the cooperative idea, which Mr. Liscomb said, amounted to "deliberately striving to undermine legitimate private business." The National association president noted that while the consumer-cooperatives are masquerading as nonprofit institutions, the Associated Press recently carried an article showing the large salaries paid to heads of cooperatives. In one, the head received \$35,000, 23 officials drew more than \$5,000 each, and 42 more at least \$2,500 each.

The Department of Labor, Mr. Liscomb said, is injecting itself directly into the insurance business and flouting constitutional rights of states. In Indiana recently a public hearing was held on a project to create a state workmen's compensation fund which was opposed by representatives of the Indiana Association of Insurance Agents, chamber of commerce, industrialists and business men, but was recommended by a member of the U. S. division of labor standards, an offshoot of the Department of Labor. Mr. Liscomb said the Department of Labor has assembled a volume of statistics favorable to state funds and will supply a speaker on the subject to any state upon request.

Secretary Rose in Report

Secretary-treasurer J. W. Rose gave a lengthy report taking up in detail the many activities of the year. Fourteen regional meetings were held which were the most successful in the association's history, these being at Glens Falls, Saranac Lake, Canton, Watertown, Batavia, Geneva, Rome, Johnstown, Huntington, L. I., Brooklyn, Peekskill, Kingston and Oneonta, and Business Development programs were conducted during the Rochester meeting, probably the largest regional ever conducted in the state. Rural agents group meetings were held at Rochester and East Aurora and others are planned throughout the state at frequent intervals. Secretary Rose attended all these meetings.

Mr. Rose noted the extensive work in connection with the New York code revision. He also commented on the automobile safe driver reward plan, and on the executive committee's and director's action approving a workable plan providing a differential rate to good drivers, but opposed to any increase in rates until experience justifies it. It is hoped, Mr. Rose said, that soon will be developed a satisfactory uniform plan for rating automobile insurance to which all companies will subscribe. One of the greatest needs in the business today, he said, is intelligent, wholehearted confidence and cooperation between companies and agents. Most of the controversies recently never would have de-

veloped had there been such a working agreement.

C. H. Kaletzki, vice-president Central New York Smaller Business Association, Syracuse, gave a first hand view of the small business men's conference with government officials at Washington. He said the meeting was significant in that for the first time in history the average business man had an opportunity to speak to government through channels other than elected representatives of all the people, and did speak, serving notice that he would not be pigeon-holed as the "forgotten man." He said the small business men did not ask for small loans, nor for "pump-priming." They are not sufficiently strong to stop the administration program in many of its aspects immediately, but now being organized, in time will give a good account of themselves. He said undoubtedly millions of votes will be controlled next fall by federal fed mouths, but millions more will be influenced by the thousands of employers of millions of citizens.

T. L. Rogers of Little Falls reported as chairman of the legislative committee. Insurance, he said, is fortunate that it was not more severely injured than it was in the 1938 New York legislature. Even at that, the prestige of the business suffered because of the legislative attacks made upon it. Mr. Rogers presented a synopsis of the more important insurance bills that were considered.

RURAL PROGRAM

A rural agents program held the commanding position at the first session Monday afternoon. Presiding during this program was Fred J. Marshall, East Aurora, chairman rural agents committee. William H. Lucas, LeRoy, said rural agents are disappointed at the antagonistic reaction of some state association officials and other agents toward the safe driver reward plan and the \$1,000 auto liability policy. He said both are beneficial to rural agents and that opposition was expressed before the rural agents had been heard and before the subject had received sufficient study. Mr. Lucas urged that old agencies with well established reputations should be perpetuated for their value to stock insurance. He said a chief obstacle to that was the failure of older men in these agencies to develop young men who could adapt themselves readily to rapid changes and be ready to carry on the agency. He criticized appointment of mutual agents as representatives of stock companies and the constant appearance of more part time agents.

Stanley W. Tebbets, executive special agent Continental, pointed out opportunities of rural agents to use general cover forms, apple, celery and potato growers; cheese makers; canneries and fertilizer works are among the prospects. The way to sell reporting forms is to show what they do in action—save premiums while at the same time providing greater amount of coverage. It is not essential, he said, for the assured to keep a perpetual inventory to use the reporting forms; he needs only to furnish close estimates of value and the deposit premium is adjusted at the end of the year according to the average. An objection often met is the desire of the assured to split the insurance among several agents. This may often be done without difficulty but if the premium is small, part of the business may be reinsured with other agents or a basic amount may be written on the 100 percent basis divided among several agents with the excess handled by one agent.

Extra Expense Cover

Extra expense cover can be written in many small cities. W. D. Wilson, chairman field men's rural agents committee explained. Following a discussion led by R. M. L. Carson, Glens Falls, the rural agents committee was instructed to confer with the companies on simplifying procedure in handling Class D risks under the new rates.

Agents believe the number of operations, 12 according to Mr. Marshall, can be reduced. Agents present agreed with A. C. Wallace, Goshen, that if Class D risks are carefully selected and inspected by the agent, inspection reports and diagrams should not be required on all such risks and would not be likely to improve loss experience. Herbert Hatch, Massena, recommended that farm risks be written in several companies and that policy maturity dates be staggered.

After hearing Chairman Marshall criticize restriction of machinery coverage to machinery in buildings while produce might be within 100 feet, LeRoy T. Brown, secretary America Fore group and chairman E. U. A. committee considering farm coverage, announced that new forms will cover machinery when within 50 feet of buildings. Lawrence Daw, manager Syracuse division, New York Fire Insurance Rating Organization, reported that cost and coverage to meet the five-point contract of the cooperatives of the state had been recommended to the companies. This satisfactorily answered a suggestion of K. C. Estabrook, Binghamton, that something be done to enable agents to write the new unprotected dwellings in the state. Mr. Daw said residence garage rates would also be modified soon.

Hear Miller, Popham, Hamilton

Joseph H. Miller, Utica; Kenneth Popham, special agent Fidelity & Deposit, and Robert Hamilton of Buffalo, inland marine special agent for North America, spoke briefly on fire safety, bonds and marine lines. Mr. Brown concluded this program by explaining that stock company adjusters sometimes adjusted for mutuals in order to handle the entire loss settlement. He prefers policy extension to return of premium when rates are reduced.

About 250 were present when President John J. Roe, Jr., started off the convention with the greeting exercises. The first speakers were Secretary Jay W. Rose, Buffalo; Albert Dodge, Buffalo, national councillor, and Charles H. Kaletzki, Syracuse, secretary Small Business Men's Association of Central New York. Mr. Dodge reviewed the chief parts of the Dallas and Hot Springs national meetings.

Members of the nominating committee appointed by President Roe were: T. L. Rogers, Little Falls, chairman; James Farrell, Rochester; H. C. Brown, Glens Falls; A. M. Lovier, Rome; A. D. Pardee, Kingston; Stanley Jarvis, New York; Charles Woodward, Niagara Falls; James J. Butterly, Peekskill, and A. M. Mowry, Cattaraugus. The resolutions committee: R. M. L. Carson, chairman; W. A. Kliene, Westchester County; Charles H. Wilson, Buffalo; H. H. Hatch, Massena; Van Hornbeck, Monticello; Floyd H. Greene, Saranac Lake; A. Tom Matthews, Watertown; A. Douglas Boyd, Gloversville; E. Couper, Binghamton; Robert T. Waterman, Poughkeepsie, and Percy L. Wood, Ithaca.

Local Board Conference

John D. Henderson, Herkimer, presided at the Local Board Conference Monday morning at the pre-convention meeting. Speakers included Roy L. Duffus, Rochester; William E. Boyd, Travelers, Hartford; R. Friedlich, Rochester; J. J. Magrath, Chubb & Son, New York; Frank Gardner, Jr., Poughkeepsie; A. C. Wallace, Goshen; Louis Hawes, secretary, Rochester Board; Howard A. James, Floral Park; John Thompson, Amenia; W. J. Lane, New Rochelle; Hollis Brownell, Watertown; Richard E. Thompson, Valley Stream; Legrand W. Pellett, Newburgh; Tom Sharp, Rochester; T. L. Rogers, Little Falls; C. Mark McLaughlin, Watertown, and President C. F. Liscomb of the National association. The principal address was given by Mr. Boyd, who outlined methods by which local boards might develop educational activities.

L. C. Ryan of Hancock, Dorr, Ryan & Shove, Syracuse law firm, discussed what he termed the "drastic scheme" to

provide a dole" for all accident victims, embodied in a proposal in the constitutional convention at Albany to enact laws to remove all accident litigation from the courts to newly created administrative bureaus and to compensate all accident victims, regardless of fault. This is a live issue, as a public hearing on this proposal is to be held the afternoon of June 1. It is a radical departure from the basic law of the state, he said, "with no precedent anywhere in the world to suggest or recommend it." It involves a sweeping and complete alteration of fundamental rules and principles of liability.

No contractual relationship exists between motorists, Mr. Ryan said. Therefore, no argument for this proposal can be derived from the workmen's compensation field. While it is regrettable that all victims of automobile accidents are not compensated for their disability and financial loss and it would be desirable if this could be provided, if so revolutionary a system were inaugurated, he said, it should start with the home where half of all accidents occur.

Shows Plan Absurd

He asked if every home owner should become automatically liable for every injury suffered by his guests and even members of his own family where he himself is blameless, and if every banker, merchant or other property owner shall be required to respond for all accidents occurring on his premises whether or not the slightest fault exists. A vital factor if such a plan were initiated, he said, is that there would be no inducement whatever for the injured person to get well quickly.

"I do not hesitate to predict that if such a plan is adopted," Mr. Ryan said, "the annual premium rate for the lowest priced cars will approach their selling price if the amount of the benefits are the same as are workmen's compensation law, as has been suggested. The American people are the most claim-conscious people of the world. The administrative bureau which will be created will be manned by political appointees and the accident victims will be under the treatment of sympathetic doctors who cannot help but be influenced in prolongation of disability by the fact that payment of their bills will be guaranteed. Lack of property damage coverage will lead to the invention or exaggeration of personal injuries in order to take care of the damage due the car. Disability of housewives, invalids, students and the unemployed will be indefinitely prolonged.

Ridiculous Possibilities

"If two automobiles collide the occupants of both cars will recover as well as both drivers, even though one or both may be intoxicated. A drunken jay walker staggering into the street against a slowly moving vehicle will receive compensation. The operator of an automobile who crashes into a parked car in broad daylight may be paid by the insurance company covering the parked car."

Of equal importance is the large number of claims that would arise to clog the courts, necessitating wholesale hearings of claims by untrained administrative officeholders whose inexperience would conduce to the setting up of fraudulent claims.

C. H. Tuke of Rochester, chairman of the accident prevention committee, said the committee directed its attention to a number of legislative safety measures before the last assembly. He asked, "Why have the state officials and politicians tried to create a demand for compulsory automobile insurance? Why is it that the state has a standing com-

mittee to make an investigation of this subject for the last four or five years?" He also criticized the attempt to establish a bureau similar to the workmen's compensation act to dispose of personal injury claims on highways. The committee asked that at least a goodly portion of the \$30,000,000 collected from the motorists of the state be set aside for construction of safe highways.

W. H. A. Munn, Syracuse, chairman fire insurance conference committee, said that the main handicap under which the committee works is having the rules and forms made by the East-

ern Underwriters Associations and not by the New York Rating Organization with which latter the agents have pleasant working arrangements. The E. U. A. forms committee, he said, adopts the rules and forms and sends them to the rating organization all ready made. No agents' suggestions are asked, nor does the experience in recent years, Mr. Munn said, make the agents feel they would be welcome. The agents object to the new sprinkler clause which states that no charge shall be made in sprinkler system without first notifying the rating organization and securing per-

mission from that body.

J. H. Miller, chairman fire prevention committee, said that much progress has been made in the larger cities along fire prevention lines but there is need for greater activity in the smaller communities.

Oregon Mutual Meet

Representatives of the Oregon Mutual Fire from every section of Oregon, Washington, California, Idaho and Colorado attended the company's annual convention in McMinnville, Ore. Speakers included Commissioner Earle.



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Wanted in Columbus, Ohio, by nationally operating insurance company ambitious young men for positions as underwriters and accountants. Must have Company or Agency experience office or field. When replying give age, experience and attach snapshot.
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Guiding Principles Plan Considered

(CONTINUED FROM PAGE 3)

either through the medium of B.D. or other meetings sponsored solely by the Wisconsin association, to educate agents to a point that will permit securing the signatures of the majority of them to a contract of guiding principles. It is planned not to limit this to association members but to include all agents whose business consists mainly of insurance or insurance and real estate.

"We hope to have this program cover such middle western states as Minnesota, Illinois, Indiana and Michigan, or perhaps the entire W. U. A. territory," he said. There are two ways to rid the business of incompetent agents, Mr. Thornton said; by a strong agency qualification bill and by guiding principles, such as are contemplated. Commissioner Mortensen, he said, has agreed to do everything possible to secure a qualification measure.

Greetings were extended by Val Gottschalk, president Milwaukee Board of Fire Underwriters; Fred Kasten, president Milwaukee Board of Casualty & Surety Underwriters, and C. H. Dachenbach, president Wisconsin Fire Underwriters Association, with response by F. L. Conroy, Oshkosh, chairman executive committee.

William B. Calhoun, past national and state president and national councilor for Wisconsin, extended greetings from the National Association of Insurance Agents, reporting on the mid-year meeting of the National association at Hot Springs. He discussed the safe driver reward plan, which he considered a step toward mutualizing capital stock insurance in the way it was born in secrecy and coupled with a reduction of commissions. He also referred to large membership, movement for better public relations, closer cooperation with credit men, development with respect to branch offices as in the case of the Cleveland Board, the "Guiding Principles" progress, work done on behalf of local agents with federal authorities to give them a chance at rural electrification and other administration business in their localities, and many other National association activities which merit support of all local agents.

Commission Cut Threat

Tendency of reducing agents' commissions for contribution to companies on lines said to be unprofitable, Mr. Calhoun said, has created a situation that should be watched carefully as a threat to the agency system. Agents should determine what companies in their agencies are friendly to the American agency system and be careful "of the company we keep," he said.

Mr. Calhoun praised Mr. Mortensen for having given thorough consideration to the safe driver plan. "It has been manhandled more than any plan has since I've been in the local agency business," he said. "It was born in secrecy and God knows that anything born in secrecy hasn't got the proper start." He added that as capital stock insurance representatives, "we should oppose this plan."

He mentioned the branch office situation, praising the Cleveland Board for revamping itself into a producers body without company affiliation. He praised the Home and Royal groups for falling in line at Cleveland.

Mr. Calhoun opposed the threatened commission reduction by companies an unprofitable lines, voicing the belief that this move might mean the ultimate breakdown of "our system." He inferred that some casualty company officials believe the agency system should be changed. "It would happen tomorrow, if they thought it would succeed," he asserted. "I ask everyone, within the hearing of my voice to look over the companies in their agencies to gauge them by what has happened, what is happening and what will happen."

Mr. Mortensen, although caustic when he said, "The safe driver plan is in effect, not with the approval of the department, but contrary to its wishes," removed some of the sting when he added, "but now that it is in effect, let's give it a fair trial. We are not infallible, possibly it has some merits."

This meeting, although not heavily attended, did indicate that the leaders in the association are opposed to the safe driver plan.

The commissioner pleaded for more jurisdiction over the automobile business, stating that the lack of departmental control over this branch was due to the newness and rapid growth of the coverage.

He advocated compulsory automobile coverage and questioned the danger of state insurance because of compulsory legislation. He referred to the fact that compulsory compensation insurance has been in effect in Wisconsin since 1917. He said only one-third of the automobiles are now insured.

Advocates Surcharges

He advocated a system of surcharges upon those assured who suffer accidents rather than a rate increase upon all policyholders. Mr. Mortensen urged sharper differentiation between marine and fire. He said that under stress of competition on fire lines, companies are "prone to slide across the aisle" to marine, rather than lose a large risk. He said it is a "throat cutting business."

Mr. Mortensen in speaking of the movement for revision of the standard fire policy, declared "when agitation starts, there must be some need; some want that is not fulfilled."

The department has no jurisdiction as to form of policy or rate in strictly inland marine underwriting, he said, but has held that if there is the element of fire hazard in a risk, the department has a right to supervise, and rates published must be used. He said the department is not opposed to inland marine insurance and maybe it is desirable under modern conditions. The line must live up to the law.

H. O. Wolfe, Milwaukee insurance attorney discussed riot and strike insurance. Labor disturbances have created new insurance problems and widespread demand for insurance protection which companies have met with new forms. Insurance against damage arising from strikes, lock-outs and labor disputes is of comparatively recent origin, he said. There is little judicial authority interpreting risks in losses caused by strikes and riot, but these policies and riders state inclusions and exclusions precisely and clearly. The extended coverage endorsement in connection with a vandalism and malicious mischief rider provides comprehensive coverage.

Stewart on Program

W. Herbert Stewart of Chicago, chairman surety committee National Association of Insurance Agents was guest speaker at the local board and county board dinner. Some 200 agents and field men attended. He reported on progress made in the interest of agents securing public construction bonds and resultant commissions. Through contacts with federal administrations, agents are being advised of local construction jobs of those agencies to enable them to solicit such business. W. H. Jennings, Jr., Rockford, Illinois state president, was a guest, inviting Wisconsin members to attend the Rockford Board picnic June 9. An open forum was held with local agents and field men participating.

The breakfast conferences for rural agents and city agents was held the last morning, H. A. Bird, Beaver Dam, chairman rural agents committee, and W. B. Calhoun, Milwaukee, chairman public relations committee being co-chairmen. Charges and counter-charges were fired at companies and agents for "situations"

in respect to mixed agencies and other "evils" of the business.

The brains in the field organizations and company ranks, together with the brains in agency ranks should find a solution to many troubles, Mr. Bird opined. D. W. Swanson, vice-president Wisconsin Fire Underwriters Association, pledged continued cooperation to clear up situations.

Considerable progress has been made in recent years through cooperation of companies with local agents, Val Gottschalk, Milwaukee Board president, said. Many situations will cure themselves, he said. In future there should be no further growth in wrong practices; secondly, start gradual elimination, and finally devote immediate attention to acute situations. Mr. Calhoun pointed out that guiding principles in the final analysis will do much to correct the situation.

Representatives from most of the 15 local boards and county units present told of problems and how they are meeting them. An executive session for local agents only was held.

Annual Meeting Oct. 6-7

President Thornton announced that the executive committee selected Oct. 6-7 as dates for the annual convention of the Wisconsin association. Several bids were received from cities desiring the convention and action will be taken later at a committee meeting. The Madison delegation was advised its bid will be preferred for the next mid-year conference as the state legislature will be in session a year from now.

The subjects discussed in the executive conference of the final session included the protest action in one particular instance where it was held a violation of right of ownership of expirations where renewals were solicited by a company after an agency appointment had been canceled. Some time was given to discussing ways and means of retaining or obtaining business of local units of interstate concerns, particularly since high chain store taxes have brought a new setup whereby operators lease stores and stations from chain-owners. Continuation of the membership campaign was recommended and suggestion made for serious consideration of a full-time state secretary. An agent qualification bill was discussed.

After adjournment local agents and field men joined in a golf tournament at Ozaukee country club.

WISCONSIN NOTES

The Royal-Liverpool groups presented their usual imprinted notebooks to all in attendance. Their Wisconsin field force was on hand to assist.

Fidelity & Deposit gave out memorandum books. Wisconsin Resident Vice-president William Wolff attended all sessions.

Fish & Schulkamp, Madison general agents, were represented by Art Schulkamp and J. L. Ashton. They held open house in their headquarters at the Schroeder Hotel. Their hospitality at Wisconsin meetings is always a feature. Many people were reassured over the condition of P. O. Fish of this general agency who is successfully recovering from a long siege of illness.

Walter Schroeder, head of the Chris Schroeder & Son agency and head of the Schroeder Hotel system, held open house under the direction of A. S. Wallisch, vice-president of the two organizations.

Morton T. Jones President

Over 400 attended the banquet of the Missouri Insurance Council Tuesday night. It was the largest insurance meeting in the history of the state. Morton T. Jones of Kansas City was elected president; Joseph J. McGee secretary, F. R. Peterson treasurer, Carl Lawton of St. Louis chairman executive committee.

Nebraska Agents Start Survey of Agency Control

(CONTINUED FROM PAGE 3)

In view of the companies opposition this has proved to be a man's size job. It may be that the safe driver reward is the answer, but that remains to be seen. The drive against curbstone brokers resulted in reduction in the number of licenses. He said the practice originated with field men, who were riding to a fall by putting many unqualified, irresponsible men in the field. The committee also has been working for abolition of dual agencies, believing that limiting company representation in cities of 5,000 to 15,000 to one agency would enable other field men to get representation.

In his annual address, President L. Cecil Simpson of Fairbury gave a resume of activities in the year. There was steady growth in membership. The business development drive was carried to the point where the first zone was covered and sales campaign work in the second area is now in progress. The association has a membership of 135 agencies, representing 500 agents, the high mark in its history. An agents' qualification law is still a live topic, but other legislative matters forced it into the background.

Note Safe Driver Plan

Mr. Simpson said the safe driver reward plan remained a highly controversial subject. This and the comment of Chairman Cowton were the only references made to this matter during the convention, except that E. E. Robinson, secretary National Bureau of Casualty & Surety Underwriters, defended it.

E. R. Hefflin of Omaha, reporting for the workmen's compensation committee, said the law needed clarification and restriction, but the opposing interests of companies and labor prevented action along this line. He said that while a sharp difference of opinion existed as to the compensation court he believed as time goes on it will be shown to be a great improvement on the one-man plan of administration.

Chairman Morrow of Kearney said membership had reached an all time high. Business Development meetings aided in enlarging the roster. The great need is to increase representation in smaller towns, as strength of the organization lies in extending its scope. Field men could cooperate in this work, Mr. Morrow said.

Warder on Program

L. G. Warder, associate western manager Hartford Fire, Chicago, declared in spite of what has been said the country is not going to the dogs, and neither is the insurance business. He said Nebraska's importance as an agricultural state calls for special consideration from the stock companies in meeting the need for protection of farm property. The new extended coverage policy would give agents a strong talking point and provide an attractive market, he said.

E. E. Robinson, National Bureau secretary, sketched briefly history of various rate-making experiments by companies and their abandonment after theories on which they were based proved untenable. The abuses that forced the breakdown of the merit plan made it plain that no prospective credit plan can succeed. The safe driver reward plan, however, is based on the same fundamentals and again recognizes that flat rates produce discriminatory conditions. Surveys have shown that some drivers are prone to accidents, and there was no choice but to adopt the retroactive credit plan.

This plan, Mr. Robinson said, is justified in the face of the public demand for removal of discriminatory conditions. It should aid in public safety, and will help agents not only to retain their present business and regain lost business but opens to them the wide field of self-in-

urers. If no such results obtain and the plan is ineffective, the companies stand to lose 40 percent of the rewards paid. A year or more must elapse before an appraisal can be made. Meanwhile it has met with a favorable public reception in the 32 states in which it is in operation.

Speaking of the outlook for the future, Mr. Robinson said companies would find that 1938 would not reflect the favorable conditions of 1937. He enumerated a number of reasons, including lower rates, absence of normal spring recovery and decrease in net earned premiums. An increased expense ratio on a reduced volume of business is indicated. Taxes are fairly certain to increase. Inflation is getting nearer, and the companies under it are at a disadvantage because rates are based on past experience.

Is Shock Absorber

Mr. Robinson maintained that a central bureau such as he represents is necessary as a shock absorber and stabilizer. It is the medium by which to estimate adequate, reasonable rates, no company being large enough to acquire an experience upon which these could be based. The research work that the bureau makes possible, the safety education program that it has sponsored, the work it does in keeping down fraudulent claims, all justify the expense, he argued. Its benefits are shared by all companies; it staves off government control; it provides a system that bulwarks the business against a wide open system of independent rate making.

R. W. Forshay of Anita, Ia., member of the National Association of Insurance Agents executive committee, said the types of competition within the ranks and outside for the customer dollar called for super-salesmanship in these times. The Business Development program is helping in better equipping agents, but success depends on association affiliation. For the rural agent the new types of coverage will greatly help. They take the business out of the horse-and-buggy era.

He predicted that government crop insurance would put 30 hail insurance companies out of business. Maintenance of the agency system is up to the agents. If they qualify themselves to meet demands of modern salesmanship they will find stock companies aiding to the limit, he said.

R. W. Forshay's Talk

Mr. Forshay, who is chairman of the rural agents committee of the National Association, said up to April 1, 76 meetings had been held with nearly 3,000 in attendance, discussing farm insurance problems. By July 1, he said, 100 meetings will have been held. Stock companies are doing institutional advertising and are making people aware of what they have to offer, Mr. Forshay commented. Agents are taking the advertisements that are sent from the National Board and mailing them to policyholders and prospects.

Stock company insurance, Mr. Forshay said, will continue to be sold on the basis of stability through efficient local agency service. It is not in the bargain counter business. With a price-conscious public to deal with, he said, it has taken a great deal of supersalesmanship to convince rural people that stock company insurance is worth the price.

Ethical Standards Needed

Companies, he said, should not oppose just and equitable qualification laws. Insurance needs ethical standards. With new types of coverage being developed with repeated regularity, compelling the wide awake agents to keep abreast of these changes, the future in insurance, he said, holds much in store for all. He called attention to Secretary of Agriculture Wallace's Omaha speech of April 19, when he concluded his remarks by, "We should make up our minds that crop insurance must succeed."

This particular phase of our business,

added Mr. Forshay, after a lengthy consideration by competent insurance executives was turned down from an underwriting standpoint. However, government crop insurance, he said, in the full sense of the word, might eventually eliminate stock companies from writing hail insurance now affording many agents a sizable premium income.

Hawley on Floater

L. F. Hawley, vice-president Newhouse & Sayre, Chicago, said that the personal property floater policy meets not only a public demand for a more comprehensive policy covering as many various kinds of indemnification as is possible, but also represents the natural trend of all insurance. He explained that while it is possible to write a policy covering against all risks on any property which is mobile in nature, it has been found advisable to confine the writing of all risks covers to property of a personal nature rather than to property used commercially.

He outlined the various provisions and the rates believed to be adequate. While the policy does not contain a co-insurance clause and is not a valued policy, it is a basic requirement that the policy be issued for at least 80 percent of the estimated total value of all the assured's property in all residences. The most important factor to be considered is moral hazard, as in many instances

the company is obliged to pay the claim without direct evidence of loss having occurred.

This has resulted in payment of many unusual claims, including on false teeth accidentally thrown into a rubbish heap, a maid spilled food on a guest's clothing, fishing rod dropped overboard, watches and rings lost while bathing, hitching post stolen, dogs chewed up furniture or clothing. Accidental breaking of brittle articles is not covered, but it is difficult to make the classification necessary.

Sold in 28 States

Mr. Hawley said that all of the 28 states in which this policy can now be legally sold are located west of Ohio, save Florida, and this has resulted in a better experience, especially with relation to unattended automobile losses, than would be possible if New York City, where such losses under other policy forms, has been very heavy.

Controversial matters were avoided in the resolutions adopted. These pledged the association to continue to express public service by maintenance of the high code of ethics existing during the past year and to keep in mind its principal purpose, of providing the public sound protection and satisfactory service at all times. Other resolutions expressed appreciation of the work of President Simpson, Chairman Cowton and Secre-

tary Bryan; thanked the hosts, the Lincoln association, and paid tribute to Frank E. Helvey, for years secretary Nebraska Insurance Federation and other members who died during the year.

Waugh Speaks at Banquet

Sam C. Waugh, executive vice-president First Trust Company, Lincoln, presided at the banquet. He commended to the insurance men the example of the Nash-Kelvinator Company's campaign, inaugurated as a nation-wide movement in Lincoln the same day, to restore prosperity by aggressive sales drives. He suggested insurance men make more calls—ten a day. Too many salesmen and executives, he said, have fretted so much about what is going on at Washington that it has injured their effectiveness.

Insurance Director Smrha advised the agents to follow the example of courage and persistence set by Nebraska farmers. Following five successive years of drought, thousands of them again plowed their fields this year, stubbornly determined to make a crop.

Eugene Davis Toledo Speaker

TOLEDO, O.—Eugene S. Davis, Cleveland, was the principal speaker at the final pre-summer meeting of the Toledo Association of Insurance Agents, held last Tuesday.

THE SURVEY-MAKER WILL GET YOU

if you don't watch out!

Agents who have been keeping an ear to the ground now have their noses on the grindstone—and the current grindstone is the Insurance Survey.

This is a service that cannot be ignored—even if you "have all the business you want." Too many Agents are finding they are losing long-established business to their Survey-making competitors. You have to get going to even stand still!

We have several types of Survey (all gratis) to meet the need or the preference of any Agent. May we show them to you?

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NEWS OF FIELD MEN

Aetna New England Changes

C. B. Austin, W. T. Lepper and J. K. L. Marvin Affected by Recent Promotion of C. L. Allen to General Agent

HARTFORD—Several Aetna Fire group field changes affecting Connecticut, western Massachusetts, New Hampshire, Vermont, and western New York state, have been announced. Special Agent C. B. Austin of Connecticut has been appointed state agent. W. T. Lepper, state agent for New Hampshire and Vermont, is transferred to Connecticut as state agent to work with Mr. Austin. These changes were made necessary by the recent promotion of C. L. Allen, Connecticut state agent, to general agent. Special Agent J. K. L. Marvin of western New York will succeed Mr. Lepper as state agent for New Hampshire and Vermont, with headquarters in the New Hampshire Savings Bank building, Concord.

Many Years with Aetna

Mr. Austin joined the Aetna in the spring of 1918. He was successively promoted from mail clerk to file clerk, account checker, examiner and service engineer. In 1929 he was appointed special agent for Connecticut and western Massachusetts. Mr. Lepper entered service with the Aetna in 1914. He served as a file clerk, account checker, and later in the loss department. In January, 1929, he was given the title of adjuster for the Aetna and World Fire & Marine and in 1931 was appointed state agent for these companies in Vermont.

Mr. Marvin has also spent his entire business life with the Aetna, joining in 1912 as a clerk in the automobile department. Later he was transferred to the field as a marine special agent for upstate New York with headquarters in Albany and two years later was moved to the Syracuse office. Since 1924 Mr. Marvin has been located in Rochester covering western New York as special agent.

California Pond to Elect June 3; Slate Announced

LOS ANGELES—The California Blue Goose will hold its election of officers June 3 and the annual invitational "insurance stag" June 10.

Nominees are: Most loyal gander, E. E. Hensley, attorney; supervisor, Raymond Needham, Glens Falls; custodian, Jack Shields, Pacific Board; guardian, H. L. Kinney, Eby & Co.; wielder, K. H. C. Dunbar, Fire Companies Adjustment Bureau; keeper, J. Clark Buchanan, Automobile Club of Southern California. Delegates to grand nest, Mr. Buchanan and E. W. Dunn, Selbach & Deans; alternate, Roy O. Elmore, Pacific National.

Eleven goslings will be initiated. There will be a dinner, and an entertainment program furnished by the cast of "One Man's Family."

The annual stag will be held at the Riverside Breakfast Club. An invitation golf tournament is on the day's program.

Pacific National Opens Southwest Service Office

Pacific National Fire announces the opening of a southwestern service office in the Insurance Exchange building, Kansas City, for supervision of Oklahoma, Nebraska, Kansas, Iowa and about one-half of Missouri. George R. Jones, who has been with Pacific National for some time as a field man, is in charge of the office and he is being assisted by Carter Williams, who has heretofore been with the Garrett Gen-

eral Agency of Kansas City. State Agent A. B. McLean has relinquished jurisdiction over half of Missouri.

Beatty and Young the Winners

R. M. Beatty, general adjuster at the head office of Western Adjustment, and Norman A. Young, state agent for the Rhode Island, will represent the Chicago contingent in the golf tournament to determine the new Illinois Blue Goose champion. They were the winners in the tournament that was held in Kankakee the other day. They will compete with the two high men from the Peoria, Rockford and Dan T. Smith puddles in Illinois. The semi-finals and finals will be held at Lake Wawasee, Ind., at the time of the annual meeting of the Illinois Fire Underwriters Association.

About 50 competed at Kankakee. James E. Guy, automobile superintendent America Fore, awarded a number of prizes at the banquet. Among the winners were John Chickering, agency superintendent Sun and most loyal gander Illinois Blue Goose; William Lemenager, Kankakee local agent; Frank Haick and Mel Dawson, Underwriters Adjusting; Harold Greenberg and Paul Bowers, Western Adjustment; Fred W. Sundlof, Hartford; A. R. Miller, America Fore; A. J. Meyer, Automobile, and Harry Harm, North America.

Cunningham Shifted to Ohio

E. N. Cunningham, who has been state agent of the Detroit Fire & Marine, with headquarters in Indianapolis, for the past eight years, will become state agent of the American National of Columbus for western Ohio, both being of the Great American group. Mr. Cunningham was special agent in Indiana for the Royal for two years prior to going with the Detroit Fire & Marine in 1930. He began his insurance career with the Iowa Inspection Bureau in 1920 and went with the Indiana Inspection Bureau in 1924. Two years later he entered the field as special agent of the Travelers in Indiana. A farewell party was given him by a group of Indiana field men and he was presented with a handsome leather bag. He will make his headquarters in his new connection at the home office of the American National in Columbus.

Smoke & Cinder Tournament

PITTSBURGH—Golf prizes were won at the Smoke & Cinder Club tournament by J. J. Broughton, North America; George E. Scaff, Royal Exchange; H. W. Kast, Jr., North America, and C. M. Snellsire, Central of Baltimore. About 100 attended the dinner and 30 took part in the golf play.

West Virginia Blue Goose Elects

The West Virginia Blue Goose held its annual meeting at Wheeling, devoting the afternoon to golf. E. P. Douglass, America Fore, was elected most loyal gander; V. K. Smith, Norwich Union, supervisor; Herbert Fahlgren, Camden Fire, custodian; A. F. Herman, Home, guardian; E. C. Douglass, North America, keeper, and H. B. Lindsey, Great American, wielder. E. H. Brooks of the Dixie Fire was elected to membership. F. W. Shirer, Springfield F. & M., was elected delegate to the grand nest meeting at Los Angeles. The business meeting was followed by a dinner and floor show.

Roy L. Nicholson's Address

Roy L. Nicholson, state agent for the Michigan Fire & Marine in Wisconsin and past president of the Wisconsin Fire Prevention Association, was the principal speaker at the annual convention of the Southern Wisconsin and Northern Illinois Firemen's Association, held in Monticello, Wis. In his address, he

pointed out that a fireman is a more valuable public servant in his community as a fire preventionist than a fire extinguisher. He discussed the principal causes of fire and what can be done to safeguard life and property, and also told of the many services rendered by capital stock fire insurance to the country at large through its various organizations.

The Springfield F. & M. group has gotten out in pamphlet form a paper written by Mr. Nicholson entitled "The Motto of a Great Business," given before the students of Marquette University of Milwaukee, those of the business law and administration group. This was regarded as a valuable contribution and the Springfield F. & M. management decided to get it out in pamphlet form. It is being made available to anyone desiring to receive a copy.

Grand Nest Program Ready Soon

LOS ANGELES—V. W. McKinney, chairman of the arrangements committee for the Blue Goose grand nest meeting here in August, will soon mail to all ponds a letter outlining the program for the convention, so far as it has been completed.

He requests that all those contemplating attending the convention make their reservations at once.

Perez Heads Alabama Pond

Louis Perez, state agent for Corroon & Reynolds, was elected most loyal gander of the Alabama Blue Goose, succeeding Cliff G. Key, at the annual splash in Montgomery. G. H. Walker, Springfield F. & M., was elected supervisor; John W. McCann, Montgomery adjuster, custodian; C. E. Boykin, Bankers Fire & Marine, guardian; R. H. Helverston, Actna Fire, keeper, and E. H. Mathews, Jr., North America, wielder.

The Ladies Blue Goose meeting at the same time chose the following officers: President, Mrs. James Brahm, Montgomery; vice-president, Mrs. Frank Davies, Birmingham; secretary, Mrs. Bruce A. Gibson, Birmingham, and treasurer, Mrs. John McCann, Montgomery.

Mr. Key was chosen to represent the Alabama pond at the Los Angeles grand nest meeting.

Wesley Goes to Atlanta

David A. Wesley, who has been with the Firemen's group in Boston for some time, has been transferred to Atlanta as special agent, effective June 1. He will be succeeded by C. E. Wetmore, who was formerly with the Boston branch, resigning about three years ago on account of ill health.

Carolina Blue Goose Meeting

The annual meeting of the Carolina Blue Goose will be held at the Ocean Forest Hotel, Myrtle Beach, S. C., June 16-17. S. Linton Smith is most loyal gander and J. F. Satterlee, Commercial Union building, Columbia, S. C., is wielder.

J. C. Springer Resigns

J. C. Springer, in field work in Indiana for the Union of Indiana for a number of years, has resigned, effective June 15. After a vacation on the west coast he will return to Indianapolis and resume activity in his old fire and casualty agency.

Louisiana Splash June 11

The Louisiana Blue Goose will hold its annual splash at a camp on Lake Pontchartrain, New Orleans, June 11. A number of goslings will be initiated. William Gayle is chairman of the entertainment committee.

Field Meeting at Casper

DENVER—A huge turnout is expected for the Mountain Field Club meet in Casper, Wyo., May 25-26, with 50 members signifying their intention to be present. H. K. Rogers, Western

Actuarial Bureau, will be a featured speaker, and will put on his celebrated "clown act." Howard Reynolds, president of the club, will address the Casper Kiwanis Club during the meeting.

The next meeting of the club following the Casper meet will be the last of the season, to be held in Denver June 6.

Missouri Annual Meetings

The Fire Underwriters Association of Missouri and the Missouri State Fire Prevention Association will hold their annual meetings at Pla-port, Lake of the Ozarks, June 1-2.

Seattle Blue Goose Incorporates

The Seattle Blue Goose has been incorporated. This is said to be the first action of this nature in this country. The incorporation of the pond was made a feature story in the Seattle "Times." The organization has been in operation since 1922 when it was known as the Pacific Northwest pond. M. B. Pool is most loyal gander. The annual meeting will be held June 24 at the Ranier Golf & Country Club. Most Loyal Gander Pool will be host to the officers at a dinner June 20.

Bleckley Heads Preventionists

C. E. Bleckley of Topeka, state agent for Northern Assurance, was elected president of the Kansas State Fire Prevention Association at the annual meeting succeeding R. B. Lathan, North America, Wichita. G. L. Steeples, Home, was elected vice-president and J. G. Udeggraft was reelected secretary. C. E. Stiehl, Law, Union & Rock, is chairman of the executive committee; Shelby Holmes, Royal-Liverpool, chairman speakers committee; C. W. Bean, America Fore, chairman convention committee; Mr. Steeples continues as district chairman fire waste council, and Mr. Stiehl, chairman for the non-affiliated cities.

Mr. Lathan, in his presidential report, referred to the fact that Ottawa has been enrolled in the Inter-Chamber Fire Waste Contest. Concordia and Leavenworth are the two remaining towns in Kansas that are eligible that are not entered in the contest. He urged the members to begin preaching the gospel so that the coming Fourth of July will be a safe and sane one.

Wichita and Kansas City were listed among the honor cities in the 100,000 to 250,000 population class for the past year. However, he said only four Kansas cities have received recognition in the contest during the 15 years that it has been conducted. He suggested that the association select at least one city in each of four population groups and concentrate in an effort to produce a winning city in each group for next year if not for this year.

San Francisco Pond Outing

Plans are now being completed for a golf tournament and dinner dance to be held June 11 at Castlewood Country Club by the San Francisco Blue Goose, under the chairmanship of W. T. Lovell.

H. W. Armstrong, Fireman's Fund, was speaker at a luncheon recently. He discussed "Backyard Astronomy." L. G. Evans, National Automobile Club, presided.

Hillsboro, Ohio, Meeting

HILLSBORO, O.—Business Development meeting to be sponsored by the Ohio Fire Underwriters' Association will be held at Hillsboro, O., on June 8, with Melvin Barclay, Tome; C. F. Eagle, American of New Jersey; and M. F. Johnson, United States Fire, as the speakers. W. J. Gilsdorf is chairman.

Cleveland Field Club Elects

CLEVELAND—The Cleveland Field Club elected William Rardin, state agent Agricultural, president; Roy J. Harney, special agent American of Newark, vice president; George H. Wilkenson, special agent National Fire,

secretary; and George E. Richey, Jr., Underwriters Adjusting, treasurer.

A speakers division, formed by the Cleveland Field Club, meets every Monday afternoon from 4 to 5:30 p.m. Approximately 20 are enrolled in the course of public speaking which is instructed by an expert.

Colorado Blue Goose Meets

DENVER—The Colorado Blue Goose met Saturday evening with 40 members present, for initiation of new members. A. J. Ham, insurance commissioner of Wyoming, R. M. Campbell, of the Home Insurance, and Gordon Farrow, of the Northwestern National Fire were initiated.

The final meeting of the season will be held June 27 at the Cactus Club, when new officers will be elected. Great success has been achieved with the weekly Monday luncheons, with an average of 17 to 20 members attending.

Racine Is Inspected

RACINE, WIS.—The Wisconsin Fire Prevention Association conducted a two-day inspection here with 46 field men and company engineers present. Talks were given at schools and luncheon clubs. President Nelson C. Lane, state agent St. Paul Fire & Marine, reported at the public dinner meeting. Defects were found in 400 of the 560 buildings inspected.

Richard E. Vernor, Western Actuarial Bureau, spoke.

Seattle Golf Tournament

SEATTLE, WASH.—The Seattle Blue Goose will compete for the Lee McKenzie cup on Rainier Golf & Country Club on June 24.

Wisconsin Auxiliary Elects

MILWAUKEE—The Women's Auxiliary of the Wisconsin Blue Goose held its final meeting Tuesday. Mmes. J. A. Fleckenstein and I. L. Whitman were hostesses. In addition to the luncheon and bridge the club installed the following new officers: President, Mrs. G. F. Risley; vice-president, Mrs. J. E. Snyder; secretary, Mrs. Eli Shupe, and treasurer, Mrs. Gary Kamper.

The annual meeting of the Missouri Fire Prevention Association will be held at Platteport, Lake of the Ozarks, June 2.

New Indiana Directory Replete with Information

The Underwriters' Hand-Book of Indiana for 1938 has just come from the press of THE NATIONAL UNDERWRITER. This is the oldest state insurance directory in the west, the first issue having been published in 1891 and this is the 28th edition.

It brings up-to-date the situation in Indiana insurance-wise and gives the complete list of all agents licensed by the insurance department together with the companies they represent, a list of the companies operating in the state together with their officers, financial statements, field men, etc., as well as statistical information showing the record of insurance in the state for the past several years for fire, life and casualty insurance. The book is most complete in all respects and covers all branches of the business fire, casualty and life, mutual, stock and reciprocal.

More Agents Licensed

The compilers note the continuation of the trend for more agents licenses being issued. In 1935 there were 27,674, in 1936, 29,111, 1937, 30,208 and in 1938, 32,111. The big increases in licenses is due to agents of stock fire and stock casualty companies. In 1938 there were 15,745 agents licenses issued for stock fire companies, 743 in the mutual fire, 174 for reciprocals and Lloyds, 9,866 for stock casualty, 1,294 for mutual casualty, 490 for casualty reciprocals, 3,744 for le-

COMPANIES

Book Souvenir Is Sent Out

Charter Oak Fire Has Mailed to Its Agents a Valuable and Appropriate Historical Booklet

The Charter Oak Fire, which is affiliated with the Travelers Fire, has sent out to its agents and has prepared a limited edition of the "Story of the Charter Oak" which has been privately printed. This is a historical booklet of real importance. It is illustrated. The Sanford Tavern in which Sir Edmund Andros went on his official visit to Hartford was on the site now occupied by the home office of the Travelers and the Charter Oak Fire. Sir Edmund was sent to Boston in 1686 to consolidate the colonies and become governor of New England. He had met with resistance in 1675 when he tried to annex the western part of Connecticut to New York, of which he was then governor. The book brings out the fact that the acorn and leaf motif was liberally used in the design of the Connecticut state capitol. On its eastern front the Charter Oak tree is carved in bold relief. The capitol was built by James G. Batterson, founder of the Travelers, whose tower is now a landmark as the oak once was.

Globe Now Stock Company

The Globe Insurance Company of Huron, S. D., has been licensed as a stock company to write fire, lightning, windstorm, hail, inland and live stock insurance. It succeeds a mutual company of the same name which has been in business since July, 1935.

Chapman Honored at Lunch Before Transfer East

SAN FRANCISCO—R. R. Chapman, vice-president and California and Pacific Coast manager of the Corroon & Reynolds fleet, who is being transferred to the head office at New York as secretary in charge of nine states, was guest of honor at a surprise luncheon tendered the staff. Expecting to enjoy a luncheon with Jack Christ, assistant Pacific Coast manager, Mr. Chapman found assembled the entire Pacific Coast office staff and several from out of town, including K. J. Olds, who is in charge of the Los Angeles offices of the companies.

Mr. Chapman was presented a combination desk lamp and pen set suitably engraved from the California staff. Mr. and Mrs. Chapman then left for the east, planning to spend some time in the Twin Cities where Mr. Chapman is conferring with State Agent L. H. Dressel, Minneapolis. Later they will visit Chicago for a few days before going on to headquarters at New York.

Meanwhile offices of the group at 114 Sansome street, San Francisco, are laden with floral offerings bearing good wishes for J. P. Breeden, recently appointed Pacific Coast manager of the group.

gal reserve life companies and 55 for life associations.

Interesting material is also given in the "Record of Insurance in Indiana" section which shows that the premiums for the fire insurance companies in 1937 was \$22,551,335 compared with \$20,119,913 the previous year. The losses for 1937 were \$9,290,746 compared with \$8,400,372. The stock companies share of the premiums was \$19,313,168 in 1937 and their losses \$8,345,996. Casualty premiums show a decided jump, going from \$27,364,406 in 1936 to \$32,053,267 in 1937, while the losses increased from \$10,985,704 to \$13,139,415.

Unusual Risks

The Indemnity Insurance Company of North America is always ready to assist the Agent or Broker in securing adequate coverage for unusual propositions.

Our world-wide facilities, broad experience and unquestioned financial stability, places us in a position to render you and your clients exceptional service. We are equipped to handle unusual types of general liability to cover all business needs.

Bring your problems to us. We shall be glad to work them out with you.

CAPITAL \$1,000,000
CASUALTY
FIDELITY
SURETY



Indemnity Insurance Company of North America

PHILADELPHIA

We are anxious to assist the Agent or Broker in securing adequate coverage for unusual propositions.

AS SEEN FROM CHICAGO

RETIREES FROM ILLINOIS

The Carolina Mutual Fire of Charleston, S. C., has retired from Illinois. It did largely a reinsurance business in the state. The Allied Agency in Chicago represented the company.

ADJUSTERS IN OUTING

The Adjusters Association of Chicago will hold its annual golf tournament June 16 at River Forest Golf Club. Numerous events have been arranged with prizes for both members and guests, \$150 having been allotted to the committee for this purpose. Details will be discussed at the regular meeting June 2. A dinner will follow the events. T. F. Charlton is chairman of the golf committee, which also includes A. T. Persson and Peter M. Schoenberg.

NATIONAL FIRE'S BROCHURE

In commemoration of the 50th anniversary of the establishment of the western department, the National Fire has gotten out a second brochure giving pictures of the western office, executives in the west headed by Manager George H. Bell and the department heads. Aside from Mr. Bell the men featured are Assistant Managers L. R. Hanawalt, E. J. Silhanek, and E. H. Forkel; L. L. Sanders, head of the automobile and inland marine department; C. E. Parks, superintendent farm department; T. E. Heald, superintendent loss department; W. H. Roadifer, head of the accounting department.

WESTERN DEPARTMENT OUTINGS

Employees in the western department of Fire Association had a golf outing at Big Oaks Country Club Friday of last week. John Barclay, assistant secretary from the home office, who was in the city, participated.

The western department of Springfield F. & M. had a golf outing Saturday of last week at St. Andrews Golf Club, near Wayne, Ill.

HONOR LYMAN, RICHIE & CO.

The western department of the Sun is giving a dinner Thursday evening of this week for the Lyman, Richie & Co., agency of Chicago, which is one of the oldest representatives of the Sun in the west. The appointment was made in 1902. C. W. Ohlsen, western manager of the Sun, will present a plaque to the agency and each member of the firm will be presented with an inscribed gold pencil.

KUELZOW MEMBERSHIP CHAIRMAN

A. J. Kuelzow of R. W. Hosmer & Co., has been appointed chairman of the membership committee of the Chicago Board. J. F. Kelly of Pogge & Kelly has been reappointed to the committee and W. P. Engelhard of Engelhard & Co., has been appointed as a new member.

The directors have accepted the resignation of F. W. Moore of Moore, Case, Lyman & Hubbard as a class 1 member and they have referred Mr. Moore to the next meeting for honorary membership. H. K. Hurwith of Enger, Barnett & Hurwith has been elected to class 1 membership.

Equity Fire of Kansas City and Carolina Mutual of Charleston, S. C., have withdrawn as subscribing members of the board.

FOLLINGSTAD CHICAGO MANAGER

Earl H. Follingstad has been appointed Chicago and Cook county manager for the fire and marine departments of Fidelity & Guaranty Fire. He succeeds R. D. Flinn, who has resigned. Mr. Follingstad has been located in Chicago for the past four years with Fidelity & Guaranty Fire as marine special agent in the western territory. He started in the business in 1921 with the American Eagle in its western depart-

ment in the special hazard division and he continued with the America Fore after the American Eagle was taken into the America Fore organization. He had experience in the engineering department and then in automobile and marine. In 1926 he went with the western marine department of the Automobile and remained there until he joined Fidelity & Guaranty Fire. He has a good grounding in fire insurance as well as marine.

C. D. Hoe continues as assistant manager. He has held that position since the F. & G. was organized nine years ago. E. C. Donnelly, who has been assistant to Mr. Follingstad in the marine work, continues in that position.

ATTORNEY SLAYMAKER SPOKE

Attorney Bert G. Slaymaker of Indianapolis addressed the Western Loss Association at its Chicago meeting, discussing especially the necessity of paying close attention in case of a loss to whom it should be paid where there may be some doubt. This is especially true in case of estates. The laws are different in some of the states as to the ownership of property following death. If a loss occurs previous to the death of an assured that raises a question in some states as to who is the proper person to receive the claim money. There is a difference sometimes between the passing of the ownership of personal property and realty. Another point discussed was life interest.

The June gathering will be in the nature of an outing at the River Forest Country Club.

STONE WITH CRAMSIE, LAADT & CO.

William Stone, independent broker in Chicago for the past 10 years, becomes associated with Cramsie, Laadt & Co., as an officer broker. Mr. Stone started in the insurance business in New York more than 30 years ago and has been a

broker practically the entire time. For about 15 years he was with Willcox, Peck & Hughes, in both the New York and Chicago offices, remaining with the agency for a time after it was taken over by Johnson & Higgins. Mr. Stone was an office broker for Fred S. James & Co., for more than four years, later going into business for himself.

Cramsie, Laadt & Co., is enlarging its present quarters and will soon take over the space now occupied by John D. Wiese & Co., adjusters. This firm will move into adjacent space which is at present unoccupied.

CHICAGO BOARD OUTINGS

The annual outing for Chicago Board members is to be held June 14. J. K. Walker, Moore, Case, Lyman & Hubbard, has been reappointed as chairman of the good fellowship committee in charge of this affair. The members are being polled as to their preference for the location of the outing. In the past few years it has been held at Big Foot Country Club.

The outing for employees of the board is to be held June 28 at the St. Charles Country Club.

BELL MADE VICE-PRESIDENT

George H. Bell of Chicago, western manager of the National Fire of Hartford, has been elected vice-president of the Western Adjustment succeeding the late C. R. Street, western manager Great American.

SCHWARTZ, KRUGER & CO. OPENING

Joseph Schwartz and Jack Kruger have opened a general insurance office in 705 Insurance Exchange, Chicago, going under the title Schwartz, Kruger & Co. They have been appointed general agents by the Continental Assurance. They also have other representation in the fire and casualty lines. Mr. Kruger has charge of the life end and Mr. Schwartz of general insurance. Both have had nearly 25 years' experience in the business at Chicago and have been friends throughout that period. Mr. Schwartz is a prominent broker active

in the Insurance Brokers Association of Illinois. He is organizer of the brokers' choral group in the association. Mr. Kruger for six years has managed the life department of Cramsie, Laadt & Co., Chicago, having opened the department and built it to substantial production. Prior to that he was assistant manager Missouri State Life in Chicago. Previously he was for 10 years in the casualty end.

The telephone numbers of the new office, which is being opened this week end are Wabash 3410 and Wabash 9790.

GLANCY TO ADDRESS 26 CLUB

William A. Glancy of H. H. Herbst & Co., Chicago, will be the principal speaker at a meeting following a dinner of the 26 Club, Chicago brokers group, on Thursday, May 26, at the Brevoort Hotel. Mr. Glancy will speak on "Fire Loss Recovery" and relative requirements for coverage and adjustment. The usual round table discussion will follow. Members are invited to bring guests. Further announcements will be made at the meeting regarding the club's summer outing program.

BREDBERG NOW VICE-PRESIDENT

Harold L. Bredberg, manager in Chicago of National Service & Appraisal Co., Guardian Mercantile Agency and Hill's Reports, has been elevated to vice-president of these three companies. His duties are enlarged, requiring some travel in the east in connection with affairs of Guardian Mercantile Agency. Mr. Bredberg has been in his present connection for five years, formerly for ten years having been a fire and casualty underwriter and special agent with a number of prominent companies. He is a director of the Chicago Accident & Health Association, and former treasurer, and also is treasurer of the Chicago Burglary & Plate Glass Association.

MANAGER KELKER EXPLAINS

Manager J. H. Kelker of the Farmers Mutual Reinsurance of Chicago, which changed its basis of policy issuance says that the statement, "the rates on the new basis are about twice as high as they were and the agents, therefore, are earning more commission" is misleading. Mr. Kelker says:

"The company formerly used an advance premium of 40c per \$100 for farm property plus a policy fee and the total for five years was very little less, if any, than it is under the quoted rates of \$2.25 for a like five year term at the present rates. While it is true that an annual premium is increased from 40 cents to 75 cents yet in my opinion this is not a very good comparison as very little business is written on the annual basis."

C. J. Voorhis, vice-president of the Crum & Forster companies, was in Chicago this week.

Hartford Housing Authority

HARTFORD, CONN.—S. F. Westbrook, Aetna Life vice president, will head the newly organized housing authority of Hartford. This five man group will study the slum areas and prepare plans for slum clearance and a subsidized housing project. Another member of the Authority is George B. Fisher, president of the George B. Fisher Company since 1908, a director of the United States Fire, and for three terms president of the Hartford Board of Fire Underwriters. Mr. Fisher, who has been engaged in the insurance business in Hartford for 37 years, was at one time head of the fire prevention committee of the Hartford chamber of commerce.

Roy M. Coon, chief of the sprinklered risk department of the Pacific Board, is confined to his home in San Francisco by illness. He has been absent from his office for more than a week and, although he is recuperating, reports are that he will not be able to return to his duties for some time.

Governing Committee Officials



JOHN C. HARDING, Chairman

John C. Harding of Chicago, executive vice-president in charge of the western department of the Springfield F. & M., was reelected chairman of the governing committee at its first meeting following the annual meeting of the organization last month. W. N. Achenbach, Chicago, western manager Aetna Fire, was chosen vice-chairman. President Paul L. Haid of the Insurance Executives Association of New York was in the city and attended the meeting. There were present Chairman Wilfred Kurth, Home of New York; U. S. Manager F. W. Koeckert, Commercial



W. N. ACHENBACH, Vice-chairman

Union; Western Manager E. W. Hotchkin, Royal - L&L&G; Vice-president R. D. Safford, Travelers Fire; Western Manager W. K. Maxwell, Hanover Fire; J. C. McKown, secretary St. Paul F. & M.; Western Manager Robe Bird, American of New York; Manager C. H. Smith, Hartford Fire; A. F. Powrie, western manager Fire Association; E. A. Henne, western manager America Fore; President S. M. Buck of the organization; W. P. Robertson, western general manager of the Insurance Company of North America; Mr. Harding and Mr. Achenbach.

VIEWED FROM NEW YORK

By GEORGE A. WATSON

INSURANCE SOCIETY MEETING

Important action taken at the annual meeting of the Insurance Society of New York was the engagement of A. C. Goerlich as educational director, a departure that has been under consideration for some time and which is justified by the growing interest taken in its work.

New officials and directors are: President, H. H. Reed, manager North Amer-



WAS I SURPRISED

"I've just finished reading a booklet called 'Planned Progress.*' I've seen it advertised for over a year, but never bothered to write for it before — well, because it sounded like one of those things that are too good to be true. And am I sore at myself. It showed me exactly what I need . . . It showed me that I need a plan to cut out hit-or-miss methods of selling insurance . . . It showed me that the methods I use when I make an insurance survey for one of my customers are just as applicable to an analysis of my agency, my market, and my competition. More than that, it offers me all the help I need to carry such a survey and "plan of progress" through. I'm sold on the idea. I don't know of any other company that does anything like it . . . Other people have made a success of that plan . . . Watch me. I'm going to! I know the first thing I need is another company in my office, one that will help me help myself . . . a company I can depend on, one that writes many lines, and has sympathetic field men who'll help me with my problems . . . If you've decided that you're going places, too, this year, mail the coupon for your copy of the booklet 'Planned Progress.'**"

BOSTON INSURANCE COMPANY,
OLD COLONY INSURANCE COMPANY,
87 Kilby Street, Boston, Massachusetts

I am a National Underwriter reader. Please send me without obligation or expense your booklet, "Planned Progress."**

Name

Street

City or Town.....State.....

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ica; vice-presidents, J. J. King, president Hooper-Holmes Bureau, and W. G. Minner, president Minner & Barnett; secretary, E. R. Hardy, secretary Insurance Institute of America; treasurer, F. F. Koehler; directors, D. C. Beebe, president United States Aviation Underwriters; W. B. Carter, vice-president Merchants Fire; J. S. Myrick, manager Mutual Life; A. O. Robinson, vice-president Yorkshire Indemnity; C. J. Stephan, secretary Firemen's group, and W. W. Smith, London & Lancashire Indemnity.

Mr. Goerlich has had extended practical experience in underwriting, both at company headquarters and as a broker. He enjoys an excellent reputation as an instructor having given courses to teachers at Hunters' College and to students at the Y. M. C. A.

Since its formation in 1901 the Insurance Society of New York has become the outstanding organization of its kind in the country. The instruction it offers is deemed so valuable by company officials that a number now pay the entire tuition of such of their employes as attend its courses.

BEST'S GUIDE IS ISSUED

The A. M. Best Company, 75 Fulton street, New York City, has gotten out the 1938 edition of "Best's Insurance Guide With Key Ratings." This supplies for quick reference policyholders and financial ratings together with comprehensive statistics indicating the financial condition, general standing and operation of all fire, marine and casualty carriers. There are 1,100 insurance companies covered as well as 2,500 smaller mutuals. The price is \$5.

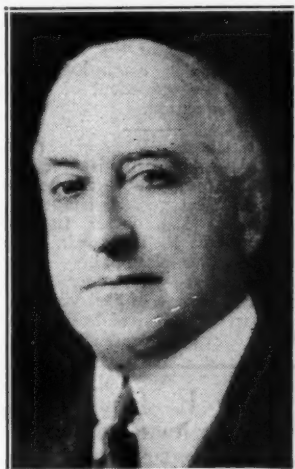
MERRITT ON LONDON VISIT

Arthur L. Merritt, joint United States manager of Pearl, is now in London conferring with the head office management. This is his first visit to London since being connected with Pearl.

BROKERS' QUALIFICATION COURSE

Closing exercises of the broker's qualification course conducted by the Insurance Society of New York, were held May 23; special guests including Superintendent L. H. Pink; State Senator D. T. O'Brien; W. E. McKell, vice president American Surety; H. H. Reed, manager North America; H. W. Schaefer, president National Association of

Always on the Job



SUMNER BALLARD, New York

Sumner Ballard, president of the International, well known reinsurance authority, has served as secretary of the National Board for many years. He is on deck this year as usual. The secretaryship and Sumner Ballard go together.

Insurance Brokers; W. D. Winter, president Atlantic Mutual, and A. C. Goerlich, educational director of the Insurance Society.

SEEKS BLANKET ENDORSEMENT

The New York Fire Insurance Exchange having at its meeting April 13, liberalized the rules applicable to alterations and repairs, the Insurance Brokers' Association, is seeking from all exchange companies a pledge that "except in such cases where the new rules may call for additional premium (such as in one form of permit for sprinklered risks), the full benefits as of April 13, 1938, of the clauses permitted by such new rules is hereby granted to all of the assured under all policies, covering in the territory of the New York Fire Insurance Exchange, heretofore issued by this company to members of your association, or whose policies are now controlled by your membership. This letter has the same full force and effect as if individual endorsements were attached to each policy involved, and you may so advise your membership who, in turn may so advise their clients."

In thus securing a blanket endorsement the brokers association saved its individual members from each seeking the desired pledge; a procedure that has the sanction of the insurance department to which it was submitted.

Element of Tumult Absent, Riot Covers Not Applicable

OSHKOSH, WIS.— Circuit Judge Hughes has rendered a decision favorable to the companies in the suit brought by the International Woven Wire Works Corporation of Menasha, Wis., seeking \$13,000 damages to machinery and stock Nov. 10, 1936, under supplemental contract policies. The insurers represented by H. O. Wolfe, Milwaukee, are: Hanover, Fire Association, Travelers Fire, Employers Fire, New Hampshire, National Fire, Providence Washington, Orient, St. Paul, Atlas, Fidelity-Phenix, Norwich Union and Millers Mutual Fire of Illinois. D. K. Allen represented Central Manufacturers Mutual.

The assured contended the damage was done by three or more persons with intention of terrorizing the officers and non-union workers and this constituted a riotous action covered by the supplemental contract. It was charged that since there were three or more persons, the act is classified as riot.

The insurers contended the damage was done by less than three persons, thoroughly acquainted with the plant and expert on machinery. They contended the damage was done secretly and without disturbance, and not by a mob in the act of rioting.

A jury returned a verdict on but one question submitted by the court, that being if three or more persons had committed the damage. The jury held there were three or more. Judge Hughes has now ruled there was no riot since the elements of turbulence and tumult were absolutely not present. The court had considered the legal points in question since last January when he ordered attorneys to submit briefs after the jury had returned its verdict.

Rioting has been construed in Wisconsin courts in criminal actions as requiring the action of three or more persons. Judicial construction of what constitutes riot and civil commotion under Wisconsin statutes for future application in insurance cases will undoubtedly be sought from the supreme court in the Menasha case in an appeal from the circuit court.

Heavy Duty at Evansville

At Evansville, Ind., the Fire Prevention Association inspected 1,444 risks, of which 1,005 were found defective. Inspectors made 2,800 recommendations and gave 35 talks to school children. Evansville has had an exceptionally bad loss record lately.

STEADILY



on a firm

FOUNDATION

Like a growing steel structure, anchored to solid rock, PACIFIC NATIONAL steadily rises in strength and stature . . . on the enduring foundation of financial integrity and sound management.

In 1937, for the third consecutive year, PACIFIC NATIONAL FIRE INSURANCE COMPANY maintained an average annual increase in net premium writings of more than 50 per cent . . . and 1938 promises new records. This growth reflects expansion in every office and department, Coast-to-Coast. ★ Our agents and policyholders may also take pride in PACIFIC NATIONAL'S exceptionally sound financial condition. ★ This combination of progress and stability is attracting more and more of America's leading agencies to PACIFIC NATIONAL. Your inquiry is cordially invited.

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W. A. WATERS, Assistant-Secretary

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NEWARK

EDITORIAL COMMENT

Direct Selling By Company Men

JOHN J. MOFFATT, in his presidential address at the convention of the OKLAHOMA ASSOCIATION OF INSURORS, touched upon a quick subject when he referred to the direct selling activity on the part of company field men. His premise was that this direct-selling effort on the part of salaried company representatives helps to enable incompetent and part-time agents to exist and thus makes the way more difficult for the full-time, qualified agents.

His point can be illustrated by an experience related by a fire insurance field man the other day. He was summoned by a local agent to help save a risk that he was on the point of losing. The field man made an analysis, presented an intelligent program and cleared up some misunderstandings in the mind of the assured. The line was saved, the assured was pleased and that assured now corresponds regularly with this field man on insurance matters. The agent gets the commission but the assured looks to the field man for the service.

The situation has many aspects. It is certainly a temptation to any local agent, competent or otherwise, to let an eager and informed young salesman go about the city writing business and turning it back to the agent. That is easy, quick money. The agent may very well realize that this practice represents a tendency that weakens the agency system, but he will reflect, take the agency system to the bank and see what they will give you on it.

It may be well at this time to take stock and attempt to define the proper sphere of conduct for a special agent. W. H. BENNETT, secretary NATIONAL ASSOCIATION OF INSURANCE AGENTS, in addressing a group of OHIO field men recently, made a valuable approach to the problem when he said that the field man should serve as a production engineer. The great opportunity of a field man, Mr. BENNETT said, is to be of value to the agent who needs to be drilled, skilled and equipped to meet the needs of modern business that can be supplied by general fire writing companies.

The agent has a legitimate need for the field man today as he never has before. The business has become more complex, coverages have been refined and extended and all sorts of departures have been made. A large departmentalized agency is able to keep abreast of the times and has its own resources, but the ordinary agent, no matter how intelligent and aggressive, can't be a complete insurance man in these days when companies find it necessary to have men devoting their entire time to specialties, concerning all of which the agent must have some practical knowl-

edge but concerning no two of which the company specialist himself may have skill.

These specialists naturally are eager to make a record. They may be impatient with the methods employed by the agent. They may see an opportunity to do an effective bit of selling by themselves and rather than spend the time and energy in coaching and stimulating the agent, will go ahead and make the direct approach. That gives an agent an immediate monetary return, but it does not improve his ability and it may very well destroy his prestige in the community.

Company men, on the other hand, complain that agents are calling more and more upon company representatives to do the actual selling and that many of these calls are from agents who would be generally classed as competent and qualified.

A truly resourceful and proud agent, we believe, would resent any attempt of the company man to take command of the selling job and would never suggest that the company man go out in front. He will value the ideas of a company specialist as to prospecting and sales technique and will extract as much information as he can from the specialist. However, he will draw the line when it comes actually to making a sale.

The companies are beginning to realize that direct sales work on the part of their salaried representatives is expensive. It tends to cause the agent to coast between visits from the field man and there is not a continuity of production.

The slower, but more productive process, is for the specialist to stimulate and inform the agent. Patience is a quality that the field man must cultivate. Perhaps the agent the first time will not approach the sale as effectively as the field man himself would. However, he would have made the attempt and learned something from it. The next time he would come closer to the mark and gradually would attain proficiency and confidence and could be depended upon to exert some effort in behalf of the specialty in which the field man is interested even when the field man is not in town.

S. S. REID of the W. A. ALEXANDER & COMPANY agency, CHICAGO, in a recent talk, said that an insurance producer has not learned anything about a line until he shows definite results with it. The agent should first become interested in the line, then learn the general principles and then make sales. "When you have done that," he declared, "you have got a new instrument of production."

The field man who can induce an agent to go out and close a sale has ac-

complished something for that agent and for the company. He has actually taught the agent to swim. He has given the agent a taste of success and has perhaps started a more or less continuous flow of production.

As we have remarked before, the fault to some extent may lie with company managements, in applauding the record of a field man who comes into headquarters on Saturday with a record of numerous sales completed. The field man in the specialty line may be under

too much pressure to produce immediate, specific results.

The individual agent may very well pause and think whether he is contributing to the impairment of the agency system by permitting field men to do too much of the actual selling and the field men might reflect to determine whether the emphasis has been on too much direct selling rather than upon stimulating and improving the ability of the agent. Both parties have a definite sphere that should be recognized.

Greater Curb on Use of Fireworks

THE action of the NATIONAL FIRE PROTECTION ASSOCIATION in urging all states to pass laws prohibiting the use of fireworks except in supervised public displays and giving the state fire marshal jurisdiction over such exhibition, is an indication that organizations associated with insurance have the public welfare always at heart. The loss of property and life in connection with unsupervised fireworks has long been regarded as a growing menace. Children especially de-

light to play with anything that makes a loud noise or has the semblance of shooting.

THE NATIONAL FIRE PROTECTION ASSOCIATION has been endeavoring for some 20 years to curb and minimize this menace to the people. It is hoped that the state fire marshals and all those interested in properly controlling fireworks displays will get back of these legislative bills when they are introduced. They will prevent some tragedies in the future.

PERSONAL SIDE OF BUSINESS

Charles M. Smith, assistant U. S. manager of Car & General and Royal Exchange, has been on a middlewestern visit, stopping among other places in Chicago, Milwaukee and Minneapolis.

Harry Ross of the W. F. Mays & Co. agency of New York attended the convention of the American Industrial Bankers Association in New Orleans.

C. R. Tuttle, retired western general manager for the North America, started this week by motor from Chicago for New Hampshire where he will spend the summer. He will be at Concord for some time. Mr. Tuttle was in California during the winter and then went to Chicago for a few weeks before journeying eastward.

A. E. Heacock, vice-president of the Meserole companies, sailed the other day on the S. S. Washington for a European visit of about a month.

Charles L. Miller, Jr., son of Charles L. Miller, vice-president National Fire of Hartford, who was outstanding as a football player at Yale, has been elected to the exclusive "Skull & Bones" society at that university.

Fred D. Straley of the Hook-Straley Company, Topeka, Kan., local agency, has been elected president of the Kansas Elks Association.

Arthur French of French & Gale, Kenosha, Wis., died in his office at the age of 76. Among those at the funeral were P. C. Metzger, assistant agency superintendent London & Lancashire, Chicago, and L. R. Hanawalt, assistant western manager National.

Herbert D. Paine of Decorah, Ia., 72, died last week. He had been in failing health for over four years. He and Mrs.

Paine spent the winter at St. Petersburg, Fla. They returned to Decorah, April 1. Since that time Mr. Paine had been confined to his bed. He was born in Limaville, O., March 5, 1866, and went to Decorah when he was a year old with his folks. His father was engaged in the farm implement and insurance business until 1885. In that year he was appointed Iowa state agent for the Continental and held that position until he retired. Herbert D. entered the insurance business with his father in 1884 as a young man and continued the agency up to his death as the H. D. Paine Agency, retiring a year ago when he sold the business to D. J. Haughen. He was Iowa special agent of the Continental from January, 1896, until January, 1914. He then became special agent for the London Assurance, traveling in Iowa, Nebraska and South Dakota. Later he became special agent for the Concordia in Iowa, traveling until 1923. Special Agent A. P. Mapes of the Continental and Special Agent Art E. Holme of the Home, both of which companies were in the Paine agency for over six years, attended the funeral ceremonies.

M. S. Cremer, president of the Illinois Fire, who has been in a hospital in Peoria, Ill., about two months, is reported to be considerably improved and expects to be able to leave soon.

Richard Gill of the Richard Gill Company Agency, San Antonio, Tex., accompanied by Mrs. Gill, is spending a month voyaging in southern water.

Clarence A. Cook of Indianapolis, has been elected vice-president general of the National Society of the Sons of the American Revolution by the congress which assembled in Dallas. He retired recently as state agent of the farm department of the Fidelity-Phoenix in



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Indiana. For some years he has been active in the S. A. R. and is a past president of the Indiana society. R. V. Goodwin, of New York, vice-president of the Fireman's Fund Indemnity, was also prominent in the Dallas congress, serving as chairman of the resolutions committee of which Mr. Cook was a member. Although Mr. Cook has retired, he still gives considerable time to the adjustment of losses for the Fidelity-Phenix.

Homer Sturgeon of Springfield, Illinois state agent for the Pearl, is enjoying a vacation in California.

William Mann, son of W. S. Mann of the Mann, Barnum, Kerdolff & Welsh agency, Kansas City, Mo., is in London studying insurance methods in one of Lloyd's brokerage divisions.

Announcement has been made of the approaching marriage May 28 of Miss Martha Mills and **John F. Templin**. Mr. Templin was a former assistant manager of the Western Actuarial Bureau. Miss Mills has been with the Kansas Inspection Bureau for several years. Mr. and Mrs. Templin will make their home at Omaha, where Mr. Templin will be connected with the Nebraska Inspection Bureau.

Charles H. Wilson, who is the new president of the Buffalo Association of Fire Underwriters, is a native of Jersey City. When he was a boy he established a newspaper route, met the 4:29 a.m. train each day for New York morning dailies. He sold out his newspaper business and took a job on a stern wheel river boat about 75 miles up the Columbia river from Wenatchee. After three months of this toil he went to Seattle and then returned to his home at Bayonne, N. J.

He started his insurance career at the head office of the Fidelity & Casualty as a clerk in the plate glass department. Six years later he was made special

agent and established headquarters at Syracuse, N. Y. On April 1, 1913, he went to Buffalo, still being a special agent. He quit the road and went with Worthington & Sill, Buffalo, local agents, in charge of their casualty department. He also took charge of the claim department. After five years he became Buffalo manager of the Commercial Casualty, continuing until Sept. 1, 1931, when the agency of Wilson, Forster & McCall was established. He has been head of this firm since its formation and it is now one of the leading agencies of the city.

Charles B. H. Loventhal of the agency of Loventhal Bros., Nashville, Tenn., representing the Northwestern Mutual Life, has closed five years of consecutive weekly life insurance production. He started in 1933 when Nashville had gone through the bank holiday and uncertainty and fear were everywhere. Mr. Loventhal is not only making a record in life insurance production, but he is one of the leading fire and casualty agents of the state. Another member of his agency, Martin S. Loventhal, has had 126 consecutive weeks of life insurance production.

Justin Peters, president of the Pennsylvania Lumbermen's Mutual Fire, who died at his home at Green Hill Farms, Philadelphia, May 15, after an illness of several weeks, had been connected with his company for 38 years and president for seven years. He had held many offices in various organizations. He was president of the Eastern Adjustment Bureau, president of the Mutual Insurance Bureau, past president National Association of Mutual Insurance Companies, past president Federation of Mutual Fire Insurance Companies, director of the U. S. Chamber of Commerce for three terms, director of the Lumber Mutual Fire of Boston, member of the advisory board of the Lumbermen's Mutual Casualty of Chicago and Lumbermen's Mutual of Mansfield, O., and was

Council Speaker



RAY B. DUBOC

Ray B. Duboc, president of the Western Casualty & Surety and Western Fire, who makes his headquarters in Kansas City, was a speaker before the Missouri Insurance Council in his city this week. He is an outstanding man in insurance circles in his section.

one of the governors of the American Mutual Alliance.

Mr. Peters was a native of Philadelphia, studied law and was admitted to the bar. He was formerly connected with the Pennsylvania R. R. insurance department and went with the Pennsylvania Lumbermen's Mutual in 1900, first serving as manager, then vice-president and finally president. He is survived by Mrs. Peters and two sons, Justin R. of Philadelphia, and Albert R. of Washington, D. C.

Grant Bulkley of Chicago, secretary of Springfield F. & M., left this week for a vacation trip to San Francisco. He was located in San Francisco until two years ago as an executive in the Pacific Coast department and this is the first time that he has returned since then. While in San Francisco he will attend the annual credit congress of the National Association of Credit Men, June 6-9. The Springfield is a member of the association and Mr. Bulkley will officially represent his company.

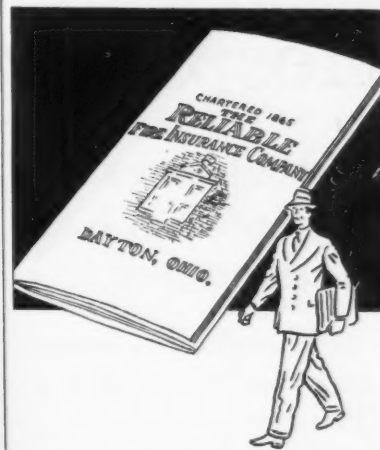
Condolences were being sent this week to **Irvin Steen**, special agent National of Hartford, Minneapolis, whose young son, Irvin Jr., died.

Among prominent out-of-state insurance men who attended the **Roan-Marrin wedding** at Minneapolis were J. A. O. Preus, vice-president W. A. Alexander Co., Chicago, and H. L. Ekern, newly appointed lieutenant-governor of Wisconsin, and a prominent Chicago insurance lawyer. Mr. Marrin is special agent at Minneapolis for the Employers Fire.

Arthur P. Cheek, veteran local agent of Baraboo, Wis., and Mrs. Cheek observed their golden wedding anniversary. No celebration was held due to illness of Mrs. Cheek. They were married in Providence, R. I., May 14, 1888. Mr. Cheek is the son of the late Philip Cheek, Jr., former Wisconsin commissioner and was deputy commissioner at the time of his marriage. Later he established the local agency which he conducts.

Seeks Mid-year Meet

AUGUSTA, GA.—The Augusta Board has extended an invitation to the National Association of Insurance Agents to hold the 1940 mid-year meeting in this city.



Easy to Sell with RELIABLE POLICIES Behind You

- Reliability
- Financial Stability
- Prompt payment of just claims
- Cooperation with agents

Many people say all insurance policies are about alike. That is probably true, but insurance men know much depends on the people with whom you deal. Take the Reliable Fire Insurance Co. for instance! You'll like the way we do business, because our dealings are based on the four "policies" listed above. Hundreds of our representatives say these "Reliable" policies serve them best. That's why you'll take pride in representing Reliable. And you'll sell with greater confidence!

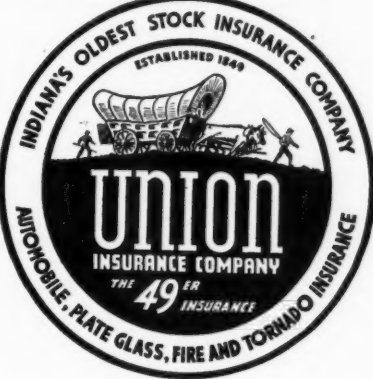
Another important "Reliable" policy is the way we deal directly with our representatives. This eliminates unnecessary correspondence with branch offices, managers, etc., and saves you other expenses. You'll find our friendly officers always willing to cooperate with you.

Write today to this 73 year old company. Find out how a Reliable Fire Insurance Agency can mean greater profits for you. Address Wm. F. Kramer, President; E. J. Weiss, Secretary.

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 For Illinois John B. Teltow
 For Ohio R. E. Metzger
 For Michigan Finnell and Finnell
 Since 1865



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A strong, progressive stock company.

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Agency Inquiries Invited

Hospitalization Big Conference Topic

Good Advances in Accident-Health Field Reported

A. E. Faulkner Scheduled to Succeed S. C. Carroll as President

With notable advances made during the past year under the presidency of Sam C. Carroll, vice-president Mutual Benefit Health & Accident, the Health & Accident Underwriters Conference, which held its annual meeting this week in Chicago, is looking forward to another successful year under the direction of A. E. Faulkner, president Woodmen Accident and Woodmen Central Life, Lincoln, Neb., now chairman of the executive committee, who is scheduled to be advanced to the presidency.

The company which Mr. Faulkner now heads was founded by his father in 1890. It was the elder Faulkner's desire that his sons should succeed him in the management of that company. A. E. Faulkner's early training, however, was along engineering lines. While he had been a vice-president and director of the Woodmen Accident for many years, he was not active in the management until he succeeded to the presidency on the death of his brother, E. J. Faulkner, in 1931. Another brother, R. W. Faulkner, is now vice-president of the company. Before his election as chairman of the executive committee, he had been second vice-president of the conference and was chairman of the program committee for last year's meeting at White Sulphur Springs, taking personal charge of the agency management session, which was particularly successful.

Carroll Reviews Year

President Carroll in his annual address emphasized the harmonious relations among conference members, reviewed some of the advances made during the year along various lines and offered some interesting suggestions for future administrations, including the idea of giving more recognition to the younger men that are taking an active part in conference affairs and having

Hospitalization, Insurance Can Go Hand in Hand

There need be no conflict between local nonprofit hospital service associations and stock or mutual insurance companies selling hospitalization coverage, C. Rufus Rorem, director of the committee on hospital service, American Hospital Association, declared at the meeting of the Health & Accident Underwriters Conference in Chicago. More than 50 well known insurance companies have enrolled their own employes in such hospital service associations, even though they may have available in their own home offices hospitalization expense contracts for individuals or groups.

Mr. Rorem discussed a number of questions which naturally arise among insurance men in connection with such plans. He said he had recommended to hospital services accumulation of surpluses equivalent to as much as one-third of a year's hospitalization, although a number of plans already have exceeded this average for their enrolled subscribers.

Large New York Surpluses

More than 20 cents of every dollar is being credited to surplus accounts for emergencies in New York by the hospital service associations, although the insurance department requirement is only 4 percent of earned premium to be so credited. Mr. Rorem said that the Associated Hospital Service directors in New York recently received approval from the insurance department for allocation of 75 percent of earned income for hospitalization, 10 percent for con-

tingency reserve and 15 percent for administration and acquisition.

There is also the question of unjustified risk taken on by hospitals due to their dependence on public support. Mr. Rorem believes they assume no new risk by going along with such hospitalization plans. In some instances payments are less than the nominal fee scheduled for services received. One factor of importance is that the hospital insurance plan enables many to pay their bills who otherwise might depend on charity. Possibly also it enables many others to enjoy hospitalization who could not otherwise afford it.

Receive Adequate Amount

The hospital service plan, Mr. Rorem said, has paid the hospitals adequately, the amounts received being more than the cost of service received by subscribers and considerably more than the additional cost of admitting subscribers compared with maintaining empty beds.

Mr. Rorem said about 2,000,000 employed persons and their dependents now are budgeting hospital bills through monthly payments equal to a few cents a day per person, these payments going into a central fund used to pay hospital bills to subscribers who need such care. The American Hospital Association endorsed the formation of such plans by hospitals five years ago and has attempted to guide their organization in the interests of public welfare and to secure uniformity in methods of handling this line.

one session at a conference meeting where none of the speakers would be over 35. He advocated a continuance and extension of the regional meeting plan, which was started for the first time the past year.

Compilation of Premiums, Losses

Harold R. Gordon, executive secretary, in his annual report stated that the increase in accident premium volume for 1937 over 1936 was approximately 11 percent for all companies and slightly greater for conference companies, with favorable loss ratios. Reports so far received on 1938 business indicate a splendid first quarter, with volume showing

increase over the same period last year and loss ratios maintain an even keel.

To provide an easy and more accurate reference to accident and health premiums and losses than had heretofore existed, the conference last year prepared an alphabetical list of companies showing accident and health premiums and losses for 1934, 1935 and 1936. The compilation included 312 companies. As far as possible, it included only personal accident and health premiums, excluding life insurance premiums that are often combined with accident and health in the weekly industrial field. It showed that for 1936 the 312 companies wrote

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Rorem and Pauley Present Opposing Sides of Question

Program for General Sessions Particularly Well Balanced

By FRANK A. POST

While the program for the annual meeting of the Health & Accident Underwriters Conference in Chicago this year was unusually well balanced, with addresses on group accident and health insurance, social security rulings, investments and economic problems, given by experts in those fields, the subject of hospitalization insurance, to which the entire session Wednesday afternoon was given over, really held the limelight. With a very large number of conference companies now supplying hospital coverage, either in the form of separate policies or riders to regular policies, that topic has for many months been the one of absorbing interest whenever a number of accident and health company officials get together. With the line still admittedly on an experimental basis, all of them were anxious for all the information they could get in regard to how it is or should be written, both by hospital associations and by the regular accident and health companies.

Rorem and Pauley Headliners

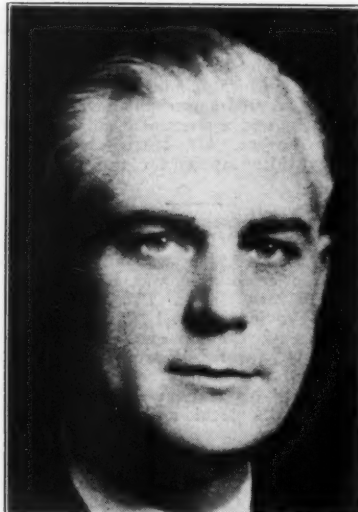
Dr. C. Rufus Rorem, director committee on hospital service American Hospital Association, gave some up-to-date statistics in regard to accredited hospital associations and told of the basis on which the so-called hospital care insurance plans are being operated. C. O. Pauley, secretary Great Northern Life, in charge of the discussion period which followed Dr. Rorem's address, propounded some very pointed questions in regard to the operation of the hospital associations and stirred up what proved to be probably the most lively discussion of any topic brought before a conference meeting in recent years.

The discussion was a wholly friendly

(CONTINUED ON PAGE 27)



S. C. CARROLL
Mutual Benefit Health & Accident
Retiring President



A. E. FAULKNER
Woodmen Accident
To Become President



HAROLD R. GORDON
Chicago
Executive Secretary



C. O. PAULEY
Secretary Great Northern Life
Program Chairman

Status of Agents in Social Security Well Clarified

Commission Men Generally Recognized as Exempt from Tax, A. L. C. Official Reports

Commissioned insurance agents are very widely recognized under federal and state social security acts as being independent contractors and exempt from the tax levy for unemployment compensation, Ralph H. Kastner, associate counsel American Life Convention, Chicago, stated in a review of the social security situation before the Health & Accident Underwriters Conference meeting at Chicago this week.

Unemployment compensation acts of Alabama, Michigan, South Carolina, Tennessee and Texas specifically exempt commissioned insurance agents and in Indiana the agents are considered to be exempt. The specific statutory exemption in Kentucky was removed by a recent amendment, but it is understood the authorities there consider the agents as exempt.

Favorable rulings in the case of one or more companies have been received in 25 states and a uniform favorable attitude of other states where the question is not settled is expected within a few months. Every state and the District of Columbia now have unemployment compensation acts.

The states which rendered favorable rulings are: Arizona, Arkansas, California, Delaware, District of Columbia, Florida, Idaho, Iowa, Kansas, Maine, Massachusetts, Mississippi, Nebraska, New Mexico, North Dakota, New Hampshire, Oklahoma, Oregon, South Dakota, Utah, Vermont, Virginia, West Virginia, Wisconsin and Wyoming.

North Carolina, Mr. Kastner reported, at the outset ruled favorably to the agents, but in some recent cases indicated an opposite view. Pennsylvania ruled favorably as to agents operating under the general agency plan, but the status of agents under the manager plan has not yet been finally settled.

Declaratory judgment actions looking toward court determination of the legal status of agents are pending in Colorado, Connecticut and Washington. A district court in Colorado recently ruled favorably on the company's contention, but state authorities indicated they planned to appeal the ruling.

Oppose General Rule

Administrative authorities in Louisiana and Maryland have indicated adverse attitude toward companies on this issue and negotiations are under way to have reconsidered the recent adverse ruling in Ohio.

In the balance of the states, Mr. Kastner said—Georgia, Illinois, Minnesota, Missouri, Montana, Nevada, New Jersey, New York and Rhode Island—either there have been no final rulings or no expression thus far as to attitude of state authorities.

Mr. Kastner gave a brief history of social security legislation in the United States, starting with the Wisconsin act of 1931, first of the kind in the country, antedating even the federal social security act. He also told the important part which the American Life Convention has taken in securing general recognition of the insurance agent on commission as an independent contractor and thus exempt from operation of the acts and from the accompanying tax levies.

Memoranda and briefs were prepared by the A. L. C. headquarters staff when consideration was first given to the status of agents—the matter originally

coming to a head in the District of Columbia in November, 1935, and the convention thereafter assisted in formulation of briefs on the part of several individual companies which later received favorable rulings from federal or state officials. These efforts are being continued by the A. L. C.

The organization watched developments closely and Colonel C. B. Robbins, manager and general counsel, and Mr. Kastner, attended some 15 hearings and conferences in Washington and elsewhere. The convention also analyzed briefs prepared by counsel of several companies, criticizing and making suggestions which helped to strengthen the companies' pleadings.

Many memoranda on the subject were sent out to member companies, and an A. L. C. representative conferred frequently with the social security tax unit and Internal Revenue Bureau officials, as well as with various state administrative heads.

Mr. Kastner noted especially fine work done and being done in connection with securing the favorable social security rulings and interpretations by William E. Jones, assistant general counsel Northwestern Mutual Life, through the able handling of his company's cases before the Internal Revenue Bureau and in the several state jurisdictions.

Pump Priming Criticised by Chicago Economist

Strong criticism of the governmental policy of "pump priming" was offered by Dr. Melchior Palyi, University of Chicago economist, in his address this week before the Health & Accident Underwriters Conference at its meeting in Chicago. He characterized that policy as "a planned monetary economy without planning, or a piecemeal system of interference which eliminates possibly as many opportunities of enterprise as it creates."

In addition to a mounting national debt with a growing burden of servicing it and an unstable system of governmental finance, he said that pump priming tends further to depress interest rates. "But cheap money, sustained over a long period, has lost whatever psychologically stimulating effect it might have had, and actually tends to become a symptom of depression in permanence."

He emphasized the "corrupting effect exerted on public psychology. It is a school, educating the American people to rely on government subsidies rather than on their own wits and industry." He also spoke of the possibility of using

this means to continue the ruling party in power.

If a pump priming succeeds in eliminating more than certain difficulties connected with business adjustments, he said, the price will have to be paid later and it will not be any cheaper. He expressed doubt as to whether even that dubious result will be achieved.

William E. Leiby of Los Angeles, whose talk on how he developed his unusual accident and health organization was a feature of the agency management session, will sail from New York June 8 on the Queen Mary, accompanied by Mrs. Leiby, for a two months' trip to Europe. It will be a combined vacation and business trip. He will visit the offices of London Lloyds, which he represents in southern California for accident and health coverages.

Following the meeting of the Health & Accident Conference Frank L. Barnes, agency vice-president of the Ohio State Life, will leave for a visit to the Peoria, Ill., and St. Louis agencies. T. T. McClintock, who has just assumed his duties as manager of the health and accident department of the Ohio State Life, will go to Minneapolis to inspect the company's agency in that city.

H. R. KENDALL, Chairman

G. R. KENDALL, President

The Washington National Insurance Company

CHICAGO

Extends Cordial Greetings to the Members of the

HEALTH AND ACCIDENT UNDERWRITERS' CONFERENCE

IN CONVENTION ASSEMBLED

The WASHINGTON NATIONAL also heartily congratulates the Conference on the splendid service it has rendered the insuring public and the insurance fraternity.

Executive Offices: Evanston, Illinois

Review Agency Management Problems

No Uniform Plan in Financing of Agents: Ferguson

"Tool to Use," but Not Properly Handled, Analysis of Survey Shows

1. Financing is being done by most companies.
2. There is no uniform basis of financing.
3. Financing is unprofitable.

These are the conclusions reached by E. H. Ferguson, assistant secretary Great Northern Life, and presented in his discussion of "Financing of Agents" before the agency management session of the Health & Accident Underwriters Conference. They are based on an analysis of replies to questionnaires which he sent to all of the conference companies operating through agents. Forty-five companies responded either by completing a questionnaire, partially completing a questionnaire, or by letter. The large response to the questionnaire definitely indicates that it is a live subject and of intense interest to the companies.

"These three facts," Mr. Ferguson said, "may be combined into a single sentence which I believe tells the story: 'Most companies finance agents without a uniform plan and find it unprofitable.' So what? The 'so what' is simply this: Have a plan of financing agents and follow it.

Why Finance Agents?

"You may ask: 'Why finance agents?' For the company or general agent financing is a working tool for recruiting new agents. The question is not: Is it good or bad? It is a tool to use and most of us use it.

"From the questionnaire I take it that most companies finance only experienced new agents. The financing of an experi-

(CONTINUED ON PAGE 28)

Are Agency Conventions, Contests Worth While?

Four Types of Agency Meetings, Higdon Says—Outlines Convention Procedure

Asking the question, "Why do we have agency conventions?" at the agency management session of the Health & Accident Underwriters Conference, J. C. Higdon, vice-president Business Men's Assurance, suggested four different reasons for holding them:

1. As a reward for sales accomplishments. Salesmen are frequently stimulated to greater effort if they are to have some added benefit or pleasant experience and do more than if they were working only for the usual compensation or to provide their prospects with the benefits of the insurance protection they may offer.

2. As a definite part in the training and educational program of the entire sales organization. While modern analysis of educational, and particularly training, plans for salesmen in recent years has placed greater emphasis on individual coaching on the job, there is still a certain phase of education and training which can be effectively handled through group meetings.

3. For the purpose of announcing some new policy form, some new plan of insurance, or some new sales plan, an announcement of this sort before a group saves time and is less expensive than through individual interviews and makes it possible to accentuate the importance of the announcement and to arouse greater enthusiasm for the plans presented.

Helps Build Up Morale

4. To build the morale of the sales organization. Salesmen who are working alone and at a distance from the home office may drift away from the ideals and guiding principles of the company they represent and occasionally personal contact with company officers and other representatives is necessary to maintain

(CONTINUED ON PAGE 26)

Rauwolf Finds Stimulation of Competitive Spirit Gets Good Results

Are contests profitable? S. R. Rauwolf, assistant agency director North American Accident, speaking at the agency management session of the Health & Accident Underwriters Conference, said that from his company's experience the answer is "yes."

"The way we look at it," he said, "results secured through contest work are vastly more far-reaching than just the return derived from the new business during the contest period.

"We use contests as an integral part of our agency development plan. Every sales effort means just this one thing: The finding of men and women who can be fired with the desire to go to work—to become regular producers of reasonable monthly volume. We are willing to lay out a little extra money in the beginning to get a regular producer who will eventually repay that outlay by adding to our volume five or 10 or 15 new risks each month."

Three Factors Are Listed

He expressed the belief that a profit-producing contest depends on three important things:

- (1) Classifying and recognizing the plans of each member of the agency force.

- (2) Developing a friendly home office-agency relationship.

- (3) Creating a contest that appeals, first of all to the agent's pride and, secondarily, to the desire for the cash he is going to get for his unusual work.

He places vanity or pride as the No. 1 element in contest appeal because some form of vanity is the motivating impulse of every exceptional effort. The salesman who is good knows it. He wants to prove it, however, by beating some other salesman who is supposed to be just as good. He likes to see his pic-

(CONTINUED ON PAGE 32)

W. E. Lebbly Tells How He Built His "Unique" Agency

Writes All Forms of Accident and Health in Several Companies

Discussions of three topics of perennial importance to agency departments, agency conventions, contests and financing of agents, together with a description by W. E. Lebbly of Los Angeles of how he built his "unique" general agency there, made the agency management session at the annual meeting of the Health & Accident Underwriters Conference probably the most interesting of any since that section was established.

O. F. Davis, of the Illinois Bankers Life, Monmouth, Ill., was the chairman at this session.

Agency That Is "Different"

Mr. Lebbly believes that the setup of his organization is genuinely unique in several respects. It writes all forms of accident and health insurance in several companies. It neither solicits nor accepts any other form of insurance. Furthermore, it has no agents working direct from its office or under its supervision. Most of its business comes from life insurance men. "We believe the greater portion of our business comes from the life men because we speak their language," Mr. Lebbly said. "They aim to fit their clients' needs in life insurance and we are assisting them to do the same thing with disability insurance."

Many Problems Encountered

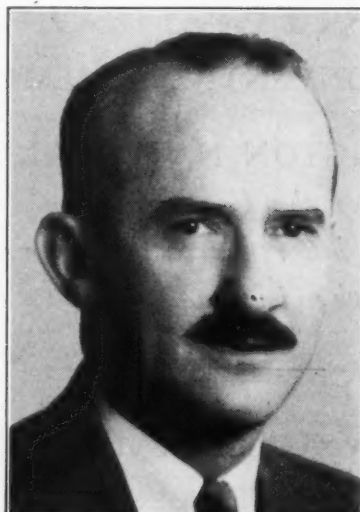
Before opening his agency in the spring of 1933, Mr. Lebbly had had 12 years experience as special agent, supervisor and manager and two years as manager and personal producer for a

(CONTINUED ON PAGE 49)

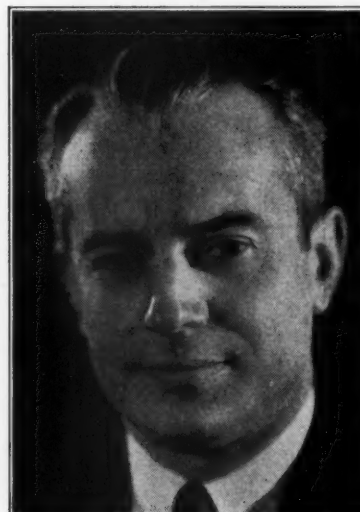
SPEAKERS BEFORE AGENCY MANAGEMENT SESSION



O. F. DAVIS
Illinois Bankers Life



WILLIAM E. LEBBLY
Los Angeles



J. C. HIGDON
Business Men's Assurance



E. H. FERGUSON
Great Northern Life

Carroll Reviews Year, Gives Some Ideas for Future

President's Address Takes Up Various Issues Before Business Today

In his annual address as president of the Health & Accident Underwriters Conference, S. C. Carroll, vice-president Mutual Benefit Health & Accident, reviewed the advances made by accident and health insurance the past year and offered some very constructive suggestions for future administrations.

He said that the experiences of the troublous years 1932-33 contributed greatly to the splendid condition in which the business finds itself today. "Many constructive steps were taken," he said. "In our misery we were thrown closer together for common comfort and emerged with our business on a more completely scientific basis.

"The disability business is of necessity delicately responsive to the physical, financial, moral and economic condition of the American people, and any change in health, money, morals and method of living is promptly reflected in our experience. This conference has witnessed the ebb and flow of the health and accident business through inflation and deflation, through peace and through war, through employment and unemployment, through seasons of rugged health and through seasons of epidemic, through the experimental stage up to the present time when we think we know to a certainty the loss that will be incurred under the coverage that we issue.

Record Gain in 1937

"The premium income on health and accident was larger in 1937 than in any year since 1931. The gain in income in 1937 was \$22,000,000 over 1936, and that was the greatest income gain ever experienced in any one year in the history of the health and accident business.

"So many people need health and accident insurance that the health and accident salesman has no shortage of prospects. Smart men are constantly devising plans to put this commodity of ours before the prospect in an attractive way, and policy constructionists are always alert to add a new feature here and a new feature there to give more protection to the American citizen. Every wide-awake underwriter betters his product. The American people right now deserve the best health and accident policies they ever had, better than was imagined possible a quarter of a century ago. The American people are better people than they were in 1913 when tuberculosis of the lungs killed 123 out of each 100,000, and last year only 50. The typhoid fever rate has been decreased by 66 percent, scarlet fever by 75 percent, diphtheria by 65 percent, and with all the efforts of high speed automobiles and the menace of highways alive with juggernauts, called trucks, and even with gin cheap and plentiful, the accidental death rate in 1937 was 3½ points per 100,000 less than it was 25 years ago, and the first five months in 1938 indicate further reduction."

No Need for Grievance Committee

President Carroll said he had failed to appoint a committee on grievances, and that no one, so far as known, has noticed the omission.

He praised very highly the Accident & Health Week campaign. "The work done and the advertising spread from coast to coast to drive home the need of disability insurance have contributed materially to the growth of our business."

(CONTINUED ON PAGE 29)

Employee Training Course, Sales Pamphlet Explained

Report on two important projects was rendered by E. J. Faulkner, Woodmen Accident, chairman of the public relations and education committee. One of these was preparation of a sales booklet entitled "Selling Accident and Health Insurance"; the other was formulation of a plan for training home office employees.

Work on the sales pamphlet, Mr. Faulkner said, has been nearly completed. It was written as a companion volume to the pamphlet on "Underwriting Accident and Health Insurance" prepared and printed by C. H. Munsell and the members of his education committee two years ago. The purpose of the new pamphlet is to present to new agents or prospective agents a concise picture of the sales end. Due to wide diversity of policy forms and sales procedures, scope of the booklet was restricted to a general statement of sales principles applicable to all accident and health lines.

Subjects Covered

Various chapters touch on need for disability insurance, history, policy contract, preparation for selling, prospecting, approach, interview and close, and authority and supervision of agents. The booklet has been reviewed and criticised in temporary form by a number of men on the firing line, and their reception of it has been cordial. It is expected copies will be available to conference members in printed form within 60 days through the executive secretary.

Training of home office employees is a phase of the business which has lagged far behind other types of insurance, Mr. Faulkner said. Companies generally have given little or no thought to development of home office personnel, once selected and placed. Most companies hire people who know nothing of the business. Some are ambitious and move ahead, but there is nothing definite to recommend to them that will help them. There is no planned avenue for their development, Mr. Faulkner said.

Cites L. O. M. A. Example

"The advantages of a well conducted educational program for home office employees have been demonstrated strikingly by the success of the Life Office Management Association Institute," the report noted. "These advantages run, not only to the ambitious employee who wants to develop in the business, but quite as much to his employer. An able employee whose interest in and enthusiasm for the business is encouraged and directed, is more valuable to his company over a period of time. Through the medium of a study course, a very large part of any company's promotion problem can be solved. It seems safe to assume that the adoption of a home office educational course on a proper basis by the conference would result in a better qualified and more enthusiastic corps of home office workers.

Plan to Form Institute

"The plan which appears to be most feasible is the establishment of an institute or educational department of the conference along lines similar to the L. O. M. A. This plan contemplates organization of home office study groups in each company, preparation of a syllabus to guide employees enrolled in the course, and periodic examinations to be conducted by the conference. In recognition of successful completion of the study work, the conference could award a certificate of achievement. It is the feeling of the committee that at least in the beginning the ground to be covered by the study group and the examinations should be restricted to principles and practices of accident and health insurance. At a later time it might be possible for the course to include a treatment of business law, taxation, investments, and kindred subjects."

A questionnaire sent to member com-

KENTUCKY CENTRAL LIFE AND ACCIDENT INSURANCE COMPANY

Home Office: Anchorage, Kentucky

E. H. Speckman, President

R. H. West, Sec.-Treas.

Over Nine Hundred Thousand Dollars in Securities deposited with Treasurer State of Kentucky for protection of Policyholders.

Industrial Life, Health and Accident Insurance issued in one policy contract. Prompt and liberal adjustment of all claims.

District Offices in all principal cities of Kentucky, Ohio, Indiana, West Virginia and Pennsylvania.

PROGRESS-- Decided Progress

marked the Empire Life and Accident Insurance Company's growth in 1937.

41.70% INCREASE IN SURPLUS

19.84% INCREASE IN ASSETS

5.29% INCREASE IN PREMIUM INCOME



J. M. DRAKE
President

Our Representatives are TRAINED representatives, and are required during their first 6 months with the Company to complete a 3 Volume "Training Course."

Our Company issues an unusual, and complete line of

Ordinary Life

Industrial Life

Standard Commercial, and

Weekly Health & Accident policies.

Our Company has Progressed because the Insurance Business is basically and inherently correct.

EMPIRE LIFE AND ACCIDENT INSURANCE CO.

An Old Line Legal Reserve Capital Stock Company

Home Office: Empire Life Building
INDIANAPOLIS, IND.

panies a month ago showed only one in six now conducts educational work for home office employes, and just over five out of six replies have been in favor of the proposal tentatively outlined. It is estimated initial enrollment of over 1,000 students may be secured.

One of the features of the **entertainment for the ladies** was a visit to the studio of the National Broadcasting Company. They were shown through the studio and were privileged to witness a special broadcast there.

R. S. Lillard, vice-president Security Indemnity, Columbia, S. C., recently organized to write hospital insurance, which intends also to get into the general accident and health field, attended his first conference meeting.

V. Evan Gray, Toronto attorney and former superintendent of insurance, was the only representative from the Dominion.

Supreme Court Decisions Change Rule of 100 Years

In his report as chairman of the legal committee, V. J. Skutt, Mutual Benefit Health & Accident, directed attention to two recent decisions of the United States Supreme Court, one of them in an insurance case, which change the rule as to the applicability of federal decisions to matters of general law which has been in effect for 100 years. The federal courts will now apply the particular state rule instead of their own in construing any insurance contract.

"It would appear," he said, "that the decision may take from the companies much of the advantage hitherto enjoyed in the federal courts, over a great many state courts, in cases involving breach of warranty and other common law defenses. In other instances where the state law is more favorable than the federal, the new rule may work to the bene-

fit of the companies. Only by careful study of both the statutory and judicial law of the state controlling the pending case will such advantage, if any exist," he obtained.

He referred briefly to the committee's activities in preparing an analysis of the proposed New York code and in connection with the question of lay adjusters. He expressed the belief that the general trend of policy litigation is gradually becoming more satisfactory from the insurer's viewpoint.

Golf Movies Big Feature of Conference Banquet

A particularly interesting feature of the banquet this year was the showing of moving pictures of the golf tournament Monday, with the injection of some comedy features, which were taken by H. H. Jones of the Lumbermen's Mutual Casualty, Chicago. The regular Edgewater Beach floor show was staged as the big entertainment feature. Paul W. Stade of the Lumbermen's Mutual arranged for and supervised the movie stunt, which made a hit.

A long list of prizes was presented to the golf winners and to the winners in the ladies' bridge party. President Sam Carroll was toastmaster and his presentations were in characteristic vein, with plenty of "ribbing" for the recipients.

In spite of the unfavorable weather Monday, when it rained throughout the morning, but cleared in the afternoon, between 25 and 30 participated in the golf tournament and 64 were out for the dinner that evening at the Illinois Country Club.

R. L. Spangler, Woodmen Accident, had low net score and won the Brackett Cup. J. J. Helby, Federal Casualty, Milwaukee, was runner-up. Low gross honors went to L. R. Sams, Retail Credit. The four low scores were made by members of one foursome, Mr. Sams, Mr. Spangler, V. M. Ray, Hoosier Casualty, and Robert Neal, Alliance Life.

A number of "special" prizes also were awarded: Best performance with worst looking bag on course, J. U. Blossholm, Anchor Casualty; best dressed golfer, Dr. J. R. Neal, Alliance Life; poorest dressed, R. J. Wetterlund, Washington National; most distinguished looking, J. F. Ramey, Washington National; poorest form with best drive, L. J. Adelman, National Travelers Casualty; quickest action with most beautiful clubs, E. B. Fuller, Loyal Protective Life; best form and poorest drive, John M. Powell, Loyal Protective; poorest golfer with largest number of clubs, A. D. Johnson, United; best score on 19th hole, O. F. Davis, Illinois Bankers Life.

The **nominating committee** was composed of George R. Kendall, Washington National, chairman; C. W. Young, Monarch Life; R. L. Walker, National Masonic Provident; J. H. Torrance, Business Men's Assurance, and E. C. Edmunds, Fidelity Health & Accident.

Life Speaker



E. A. OLSON
President Mutual Trust Life

Many Second Generation Representatives on Hand

President Carroll's reference to the younger men in the conference ranks, and his suggestion that a special session be for them, was given added emphasis by the presence of a large number of representatives of the second generation in conference companies.

Among those in attendance this year, some of them attending their first meeting and others already well known in the ranks, were: Secretary A. E. Forrest, Jr., of the North American Accident, son of the president of that company; Vice-president Curtis P. Kendall, Washington National, son of Chairman H. R. Kendall; H. G. Tumble, Jr., son of the president of the Employers Reinsurance; E. J. Faulkner, son of the former president of the Woodmen Accident, and R. L. Spangler, son of Secretary C. E. Spangler of that company; Secretary A. N. Hepler, Jr., Income Guaranty, son of its former president; V. W. Ray, son of President C. W. Ray, Hoosier Casualty; Rex Edmunds, son of President E. C. Edmunds, Fidelity Health & Accident; Andrew Hobart, son of M. W. Hobart, secretary Ministers Life & Casualty Union; J. W. Scherr, Jr., son of the Inter-Ocean Casualty's president; R. L. Paddock, Time, son of the founder of that company.

Hardly to be classed with the "younger generation," but sons of the founders and former presidents of their companies, are President A. E. Faulkner, Woodmen Accident, and E. A. McCord, Illinois Mutual Casualty.

MONARCH BUSINESS IS GOOD

New Accident and Health business written in first four months of 1938 up 10.3% over same months of 1937.

What better proof of the growing need for the Monarch type of Noncancellable protection or the ability of Monarch agents to supply that need?

MONARCH LIFE INSURANCE COMPANY

Springfield, Mass.

"Monarch Representatives Work With Both Hands"

THE HOOSIER CASUALTY COMPANY

A STOCK COMPANY

ASSETS OVER \$1,000,000.00

Writing All Automobile Coverages
and
All Forms of Accident and Sickness Insurance

STRENGTH

PROMPTNESS

DEPENDABILITY

SERVICE

Fitzhugh Tells How Group Disability Is Written

The place of group accident and health insurance in the economic field and the procedure followed in writing that line were described by G. W. Fitzhugh, supervisor in the actuarial division Metropolitan Life and chairman of the accident and health section of the Group Conference. He cited statistics indicating that 90 men out of every 1,000 are disabled every year from non-occupational accidents and disease for at least one week and that their period of disability (excluding that extending beyond a maximum benefit-paying period of 26 weeks) averages seven weeks or more. The complete loss of wages during such a period is a serious problem to the average working man. Group accident and health, he said, not only relieves this economic burden, but helps hasten the recovery of disabled employees through providing adequate medical care and allowing the employe to remain away from work until recovery is complete.

Improves Industrial Relations

Stress was also laid on the part it can play in improving industrial relations, stabilizing employment and improving efficiency of workers. It makes this protection available to many employes who could not secure it individually, and at considerably less cost. To show that it has aided in meeting these needs, he pointed out that while there was little if any such business in force prior to 1915, at the end of 1937 seven life companies alone had \$27,800,000 of weekly benefits in force, covering over 2,000,000 employes. Last year the Metropolitan alone paid out \$6,650,000 in weekly benefits under group accident and health insurance.

While it is possible to formulate certain general underwriting rules, Mr. Fitzhugh said that no two groups are exactly alike and that considerable first-hand knowledge is essential. The fact that it is written without medical examination or other evidence of insurability is responsible for the requirement of at least 25 in a group, or with some companies, 50. The cooperation of the employers is necessary. Business should be written only where he is actively interested in the program and presents it to the employes with his recommendation. Most life companies require an enrollment of at least 75 percent of all eligible employes and in practice usually obtain a considerably higher percentage.

Probationary Period Required

A probationary period is an important requirement for eligibility. It is usually fixed at three or in some cases six months, to exclude employes of a transitory type. Ordinarily all full-time employes who have completed the probationary period are made eligible, but sometimes only certain general classes are insured. It is important to provide that the employe must be actively at work when his insurance becomes effective. Those not subscribing on or before the date on which they are eligible are usually allowed 31 days to come in. After that period, medical examination is required. Otherwise, employes might delay subscribing until they know their health is impaired.

The most common method of determining the amount of insurance is to base it on the employes' salaries. That plan relates the employe's benefits to the loss he actually incurs, and fixes his contribution according to his ability to pay. As a matter of convenience, salary classes usually are prescribed, with the amount of insurance set at not more than two-thirds of the highest salary in the class nor three-fourths of the lowest (whichever amount is lower) with a maximum of \$40 a week, regardless of salary.

Most plans provide for a waiting period and limit the duration of disability for which benefits are payable. A waiting period of at least three days is considered essential. Short disabilities do not cause a serious loss and their inclusion adds greatly to the cost of administration. Payment for 26 weeks is usually considered the maximum, although in some special groups it may go as high as 52 weeks, but never beyond that. The most popular plan and the one which has proved most satisfactory is that with a seven-day waiting period and limiting benefits to 13 weeks.

Even with those precautions, there is likely to be considerable selection against the company. For example, it was found that under a plan with a three-day waiting period, the number who were sick for exactly 10 days was much larger than where there was a seven-day waiting period. Furthermore, more employes were disabled for at least 13 weeks under plans where benefits run beyond that period than where that was the limit.

Rates vary by plan of benefit. Experience has indicated that the morbidity rate for females is approximately double that for males. In certain industries a morbidity higher than the average may be expected, and extra premiums ordinarily are charged in such industries. There is a decided increase in the morbidity rate with advancing age, particularly over age 50, the increase being more marked for males than for females. However, the age distribution in general is such that it is possible to use an average morbidity rate, without regard to age, but with a restriction that after age 60 sickness benefits will not be paid for more than the maximum benefit-paying period in any 12 months, regardless of the number of illnesses. The insurance is discontinued entirely at age 70. The requirement of a high percentage of enrollment is necessary to get proper age distribution.

At each renewal, it is necessary to review the entire experience of the case and underwrite it anew. A careful check on the percentage of enrollment is especially important. The necessary information probably can best be obtained by a system of service calls, made at least once a year and preferably oftener. The actual claim experience of the group also must be studied. If it is higher than expected, an effort must be made to determine whether it is due to chance fluctuation or to an inherent hazard in the group. Some changed condition may be found to be responsible. If no correctable cause can be found, it is necessary to increase the rate.

On Experience Rating Plan

As operated by life insurance companies, either participating or non-participating, group accident and health insurance is administered on an experience rating plan. The actual claim experience of an individual group is considered in determining the cost of insurance to that group. Competition between companies, therefore, is based primarily not on the initial rate charged but on the net rate to the policyholder after adjusting for rate reductions and dividends. It is essential, therefore, for each company to underwrite its business carefully and keep administration costs as low as possible.

The likelihood of loss because of adverse chance fluctuation is much less than with group life insurance. In the case of group accident and health insurance, the payment of claims is probably the most important service that the company performs for the employer and every effort should be made for prompt, fair and equitable treatment of all claims with the least possible delay and inconvenience to claimants.

WANTED: NEW IDEAS

These constantly changing times create new Insurance needs . . . Enterprising field men have discovered some of these and, at their request, we have created coverages that have enabled them to acquire new premium volume . . . Others who need a stable carrier for special coverages will find us ready to co-operate and careful to keep their ideas confidential . . . Our agency contracts are liberal. Our underwriting practices favor sound progress . . . Inquiries will be handled by Company officials.

GREAT NORTHERN LIFE INSURANCE COMPANY

CHICAGO • ILLINOIS

ACCIDENT AND HEALTH and LIFE INSURANCE



Our Desire Is: To service with justice and integrity those whose protection is entrusted to our care; to support right principles and oppose bad practices in insurance; to develop character, ability and knowledge; to value honor above profit; thus to be faithful to ourselves and to those we serve.

1937 Premium Income, \$10,430,251

1886—OVER A HALF CENTURY OF SERVICE—1938

The North American Accident Insurance Co.

209 So. La Salle St., Chicago, Illinois

*Oldest and Largest Company in America Writing Accident
and Health Insurance Exclusively*

✧
District Managers and Representatives

WANTED

✧
Geo. F. Manselmann, Vice President

A GOOD YEAR TO CONNECT
WITH A GOOD COMPANY

ILLINOIS MUTUAL CASUALTY CO.

HOME OFFICE — PEORIA, ILLINOIS

Specializing in Accident and Health
Insurance Exclusively for Twenty-eight Years

POLICIES WRITTEN

Monthly Premium
Non-Occupational } Premiums Payable Monthly, If Desired.
Family-Group Hospital }

Commercial Accident & Health } Premiums Payable
Commercial Accident } Quarterly, Semi-
Professional Women's Accident and Health } Annually or Annually
Hospital-Surgical Accident and Health }

Auto-Pedestrian—Premiums payable annually or semi-annually
Athletic Sports—Premiums \$1.25 per insured, up.

We can help you build your Accident and Health Business.

TERRITORY—Missouri, Wisconsin, Indiana, Illinois and Michigan.

E. A. McCORD
President

C. C. INMAN
Vice Pres. & Agency Dir.

TO A CLERGYMAN

ALWAYS SAY:

"The Ministers Life and Casualty Union of Minneapolis offers sound Life, Health and Accident Insurance at Bottom Cost."

Incorporated 1900

The Ministers Life and Casualty Union
Minneapolis

MELL W. HOBART, Secy.

W. G. CALDERWOOD, Treas.

HIGDON GIVES AGENCY MEETING IDEAS

(CONTINUED FROM PAGE 22)

unity of thought and action and to keep up the enthusiasm for the service being sold which is so essential to the efficient functioning of any sales group.

When agency conventions are held as a reward for special endeavor, with production requirements easily higher than the average production of the individual salesman, the selection of the place and the pleasurable features in connection with the trip or the meeting itself are of primary importance as a stimulation for such effort. These may include the hotel where the meeting is to be held, scenic attractions, the opportunity of hearing an outstanding speaker or the recreation facilities available.

For Education and Training

A convention for training and education does not impose the same requirement. It is necessary only to see that those in attendance are comfortably situated and that a suitable meeting room is provided. The type of program to be presented is the first consideration. Many salesmen have difficulty in assimilating ideas from printed material. They may get very little from announcements sent to them, but if the same announcement is read to them by someone else they will get a more thorough picture of the contract form or the service being described. Some one from the home office who is able to make thorough explanations should give well prepared presentations, possibly reinforced by reports of actual experiences by successful salesmen. If there are any sales presentations, they should be well rehearsed in advance. The number of subjects to be covered and the new ideas to be presented should be limited. The average individual can assimilate only a few ideas at a time and if too many subjects are covered, he is likely to become confused. Furthermore, the training process is essentially that of substituting good habits for bad. This is done most effectively by changing one habit at a time.

Show How It Meets Problem

The same general considerations would apply to conventions for the purpose of presenting some new policy form or sales program. In introducing the subject, the group may be reminded of some specific problem of the prospect not adequately cared for under existing conditions and how the new policy or sales plan will meet that problem. It is desirable to have the policy or plan announced long enough in advance to a few of those who will be in attendance, so that they will have an opportunity of testing it and can be called on to explain how they have found the solution of a particular problem in their own cases by the use of the new policy or plan. Round table discussion is desirable to bring out any questions in the minds of those present and their reaction to the announcement. The whole program should be built on the idea of arousing enthusiasm for the new plan and getting all those in attendance thoroughly sold on it. In both these types of conventions a certain amount of recreation and relaxation is highly desirable.

How Morale Is Improved

Mr. Higdon emphasized the importance of conventions in building agency morale, including:

1. Confidence in the ability to do the job.
2. Feeling on the part of the individual that he has a share in the responsibility for the success of the group.
3. A feeling that his efforts are appreciated and that he as an individual is doing something that is of importance to the success of the company.

It is important to give public recognition to those who have done an outstanding job, by commenting on their records or presenting emblems of membership in production clubs. Further-

more, care should be taken in such matters as the assignment of rooms. If a production leader draws only mediocre accommodations, while a new member of the organization gets one of the best rooms in the hotel, it will not sit well. If there are any luncheons or dinners attended by the entire group, those who have done unusually well should be given seats of honor.

Gets Confidence in His Ability

Confidence of the salesman in his own ability should be fostered by reports of actual experiences, with emphasis on the few simple things that are necessary for successful selling. Contact with successful members of the sales organizations are always helpful. It is desirable to have a number of those present participate in some degree. The salesman who is asked to talk before such a group is thereby given increased confidence.

Mr. Higdon emphasized the part that wives of salesmen can play in building morale. The presence of wives at meetings has been found very helpful. They are invited to attend the business sessions if they desire, and a surprisingly large number of them do. As a result, the wife in many cases is thoroughly familiar with the salesman's problem and is able to assist in keeping records, in prospecting and in helping him over periods of discouragement.

General Convention Suggestions

Whatever the type of convention, it is very helpful if some time can be set aside so that any salesman may have a chance to discuss his own particular situation with some home office representative for at least 10 or 15 minutes. Opening the sessions with singing helps foster the group spirit and makes the meeting more enthusiastic. Introducing each one present makes all of them feel more at ease. The meeting should begin, he said, with an enthusiastic talk on a subject on which all are interested, followed by a discussion of topics of especial interest to this particular convention. It is desirable to allow time for a round table discussion in which all present are invited to participate, so that no one may feel that some particular question he wanted to have discussed was evaded.

As to the duration of any convention, Mr. Higdon said the salesman is more impressed with the significance of the meeting if he remains away from home for at least one night. On the other hand, it is difficult to continue a convention for more than three days without some of the men becoming restless and feeling that their work at home needs their attention.

What Should Convention Cost?

The question of how much agency conventions cost and whether they are worth the price is the most difficult of all to answer, Mr. Higdon said. If there are 100 men in attendance and all of them make \$10 per day, it is frequently stated that the mere fact that they are away from their work means that the cost of attendance—eliminating the actual expense involved is \$1,000 a day, represented by the loss of income. The other side of the question, of course, involves the actual outlay on the part of the individual or company for expenses of travel, hotel and entertainment. In his company, Mr. Higdon said, the amount spent for agency conventions in a year is not to exceed 2 percent of first year premiums produced by the sales organization. This is in the aggregate a substantial amount and it is necessary to consider whether or not the business is increased sufficiently to take care of this outlay.

"Even taking into account the cost as outlined," he said, "we find that in most instances the cost of individual conferences and training sessions for the same number of men would result in a much larger expense, and would in many cases

(CONTINUED ON PAGE 52)

Rorem and Pauley Present Opposing Sides of Question

(CONTINUED FROM PAGE 20)

one, intended to bring out the points where the hospital associations and the accident and health companies have interests in common, and where their interests differ. While it has been contended that the associations have all the best of it in regard to expense of operation, it was stated that really the only point where they have the best of it is in exemption from taxation. With the big premium volume now being collected in New York, the question was raised as to whether that exemption is likely to continue indefinitely.

Inasmuch as it is admittedly a form of insurance, now under the supervision of the insurance departments in some of the states and likely to be so treated in others, Mr. Pauley suggested that a somewhat different form of supervision might be necessary. He pointed out that these associations do not properly come under any of the recognized categories of insurance organizations. Stock companies are operated admittedly for profit to their stockholders. Mutuals are theoretically at least conducted solely in the interest of policyholders.

These associations, however, while allegedly operated on a "not for profit" basis, are really intended to provide profits for the hospitals, which are back of the associations. It has been stated by hospital association executives that the associations can not lose money and that the loss, if any, would fall on the hospitals. Therefore the profit, if any, would also go to them. Reference was made to the fact that the New York department must now approve the amounts paid to the hospitals, which in effect means an approval of the rates charged, and the question was raised as to whether that might not be an opening wedge of an undesirable character.

Other points which Mr. Pauley opened up for discussion were the question of whether people who are paying hospital bills with money received through insurance benefits might not have to pay more than the hospital associations are paying for the same service, and the possible advantage that the companies might have through the inclusion of medical treatment, while the hospital associations run afoul of the medical societies when they attempt to make any such inclusion.

Association Seeks Monopoly

Mr. Pauley read portions of an article written by the manager of the Hennepin County Hospital Association, operating in Minneapolis and St. Paul, citing particularly his statement urging a monopoly in that field for the associations:

"There is room for only one hospital service association in a community. All other plans, whether they are commercial agencies in the form of insurance companies or non-profit associations of employed groups, should be limited as much as possible."

He contrasted that suggestion with the portion of Dr. Rorem's address in which he said: "Any soundly financed insurance company has a right to offer cash benefit policies for the costs of sickness. If the private companies can offer the people of America more hospital service for less money than the non-profit service association, the public will be the gainer."

In his address of welcome at the opening session, James S. Kemper, president Lumbermen's Mutual Casualty, said that the letdown in the nation's moral fiber is much more serious than the business recession. He predicted an early upward turn in business affairs, but pointed out some serious handicaps, one of the greatest being the loss of individual initiative. He criticized the philosophy of spending and said the whole theory of insurance is based on the idea of saving by policyholders.

The menace to insurance from taxation and the high cost of government

Gives Welcome



JAMES S. KEMPER
President Lumbermen's Mutual Casualty

was emphasized by E. A. Olson, president Mutual Trust Life. The giant strides that insurance has made in the past 25 years, he said, have naturally attracted the attention of "termites, tax gatherers and self-seeking political demagogues."

More bills affecting insurance are being introduced in the legislatures and those bills are becoming more radical year by year. Insurance taxation is constantly mounting. All this indicates the importance of seeing that the public is thoroughly apprised of the true facts.

The original purpose of insurance taxation was to provide money to pay the expense of insurance supervision, he said. It was never intended that insurance should be taxed for general governmental purposes. However, taking Illinois as an example, he showed that in 1936, the latest year for which figures are available, insurance was taxed about \$7,000,000 and the insurance department received less than \$500,000. Of each tax dollar, 7 cents went to supervise insurance and 93 cents went to the politicians for other purposes. This is only the state tax, and does not take into consideration the millions paid by insurance companies for local and federal taxes. Politicians today, national, state and local, he declared, are spending 40 percent of the American citizen's income. "Believe it or not, taxes now cost more than food."

While advising the mobilization of policyholders to resist such encroachments, Mr. Olson said it is equally the duty of the companies to encourage and support the enactment of sound and constructive insurance laws. In that connection he praised the new Illinois insurance code and said that Illinois now has the most stringent, complete and up to date insurance laws of any state in the Union. It also has a real insurance department. "There can be no greater aid to the insurance industry," he added, "than sound insurance laws strictly and impartially enforced."

John F. Lydon, Ocean Accident, chairman Bureau of Personal Accident & Health Underwriters, brought greetings from that organization and emphasized the need for cooperation among all classes of companies writing accident and health business.

F. G. Callendar, Iowa deputy commissioner, spoke for his department.

A letter was received from E. D. Millea, president International Claim Association, regretting his inability to be present.

Tuesday afternoon was given over entirely to the agency management session, with O. F. Davis, assistant agency director Illinois Bankers Life, presiding.

W. E. Leiby, accident and health specialist, Los Angeles, spoke on "Building an Accident and Health Agency"; J. C. Higdon, vice-president Business Men's Assurance, on "Agency Conventions"; S. R. Rauwolf, agency secretary North American Accident, on "Are Contests Profitable?" and E. H. Ferguson, assistant secretary Great Northern Life, on "Financing an Agent."

At the session Wednesday morning, G. W. Fitzhugh, supervisor actuarial division Metropolitan Life, discussed "Group Accident and Health Insurance"; Dr. Melchior Palyi, University of Chicago economist, who is also connected with the investment firm of Stifel, Nico-

laus & Co., "The Philosophy of Pump-Priming," and R. H. Kastner, associate counsel American Life Convention, reviewed the status of insurance agents under the federal social security act and state unemployment compensation laws.

Legal Session Thursday

The legal session will hold the boards Thursday morning, followed by the election of officers and general business session. V. J. Skutt, attorney Mutual Benefit Health & Accident, is the presiding officer at that session. The program includes: "Requirement of Proof of Loss in Notice of Claims," Charles R. Holton, vice-president and general counsel Great

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Income Insurance

Milwaukee, Wisconsin

Northern Life; "The Examination of the Assured and Autopsies," Hayes Kennedy of Ryan, Condon & Livingston, Chicago, and "Other Insurance—Standard Provision No. 17," O. B. Hartley, associate counsel Washington National.

Good Advances in Accident-Health Field Reported

(CONTINUED FROM PAGE 20)

\$190,000,000 of accident and health premiums and incurred losses of \$100,000,000. A similar compilation for 1937 premiums is now under way.

The new simplified classification manual adopted a little over two years ago was reported as working out very satisfactorily.

Legislative Council Launched

Following action taken at the last annual meeting, the legislative council, composed of 23 conference members, was established to make an advisory contact with regard to accident and health legislation throughout the country. The 48 states were assigned to these members according to geographical location. While the council has had little to do this year, with only a few legislative sessions, it will be in good position to function effectively in 1939 when 42 legislatures will convene.

Encouraging results were reported in connection with the movement launched at the last meeting for making a study of selection of agents, with 30 companies now cooperating in this study. It will be a year or possibly two years before any conclusions can be reached, but reports on this study will be awaited with great interest.

At the opening of the session, letters were read from a number of insurance commissioners, all of whom had been sent special invitations to attend the meeting.

No Uniform Plan in Financing Agents

(CONTINUED FROM PAGE 22)

enced new man might be simple—provided you stick to a uniform plan, and forget about the agent's requirements. If he sets the basis, you will probably lose in nine out of 10 cases, and you should lose. The new man moving from one company to another to sell the same type of business, say quarterly commercial, might be financed only to the amount of monthly renewal commissions he forfeited when he resigned.

"The new man changing companies to sell different type of contract, say from monthly premiums to quarterly premiums, might be handled on the basis of an inexperienced new man plus consideration for the forfeited renewal commission account.

Might Be Regarded as Loans

"Frequently new experienced agents require a lump sum of money. These might be regarded as loans to be paid with renewal commissions or by cash payments which the agent agrees to make at stated periods. The practice on these loans might well be the same as on loans to present agents.

Says Financing Needed

"I am certain that we need financing to recruit inexperienced new men. That is, if we want new men of ability and promise, men we will be proud to have represent the business. Of course, if we are satisfied with floaters, fellows temporarily out of work or those just seeking something to do—then financing is not only unnecessary but foolish.

"Not often do we find a man with resources who is willing to spend those resources to establish himself in our business, irrespective of the profitable opportunity offered. However, most men do not have surplus funds—nor will they give up a living wage and an as-

sured position to accept a strictly commission proposition. That is where a financing plan counts.

"A financing plan will permit a standard of qualification such as is required of salaried employees. While this of itself is no guarantee of the recruiting of highly successful salesmen in our business, it certainly should give us a chance to recruit better men.

"Then again a plan of financing is a weapon to use in competing with other businesses which also demand men of high caliber. Moreover with a financing plan men of the type we need and want will seek us as they now do other businesses.

"Each company must naturally determine the limits of financing for its agents. A suggestion in that connection is that the amount of money to be paid each week might be based on the average weekly commission earnings of new men during the first six months' service. The company records will show what this is. It does not seem wise to finance a new man in amounts that are larger than the earnings he would have on a strictly commission basis.

Financing, Selection Dual Problem

"It is truly considerate to give thought to the man's financial requirements, but if they are out of line with what he may expect to earn, based on the company's experience, he should know it. If we advance money in excess of average earnings the venture, however sincerely begun, probably will end in failure.

"Financing and selection is a dual problem. No plan of financing will prove profitable without the proper selection of new agents. Selection referred to here does not mean the attempt to pick the agents to be financed but rather the selection of all agency recruits.

"Although financing may remain one of the problems of agency management it of itself is comparatively simple. Its value must be its usefulness in recruiting high grade agency material. Therefore, let us each establish a uniform basis of financing new men and devote our energies to recruiting the type of men who can qualify and sell."

The questionnaire which Mr. Ferguson sent out sought an expression of opinion on how financing should be done, rather than to inquire how it is done. The questions asked about the possibility of extending financing to all new agents—experienced and inexperienced, and the possibility of providing constant and regular financing to present agents on a uniform basis. Inasmuch as a number of progressive life companies are experimenting with so-called salary plans, it seems advisable to make inquiry of the members along similar lines.

Tabulation of Returns

The returns were tabulated as follows:

	Yes	No
(1) Should new agents be financed?	16	17
(2) Should all new agents be financed?	0	30
(a) If no, should only the inexperienced?	2	18
(b) If no, should only the experienced?	1	16
(c) If no, should you attempt to select the individuals?	28	3
(3) Should all inexperienced new agents be financed on the same basis?	1	29
(a) If yes, should agent's financial requirement be disregarded?	0	6
(b) If no, should agent's financial requirement be considered?	24	3
(4) Should all experienced new agents be financed on the same basis?	1	27
(a) If yes, should agent's financial requirements be disregarded?	5	6
(b) If no, should agent's financial requirements be considered?	22	3
(c) If no, should agent's previous sales record be considered?	23	3
(5) Should all inexperienced new agents be financed for the same length of time?	2	26

(a) If yes, should non-production affect the length?	5	3
(b) If no, should production prolong the period?	20	5
(6) Should all experienced new agents be financed for the same length of time?	2	25
(a) If yes, should non-production affect the length?	5	3
(b) If no, should production prolong the period?	21	5
(7) Should present agents be financed?	9	15
(a) If yes, should an agent be constantly and regularly financed?	1	17
(b) If yes, should an agent be only occasionally financed?	10	3
(c) If no, should an agent be loaned money?	10	8
* * *		
(8) Should the constant and regular financing of agents be on a uniform basis?	3	25
(a) If yes, should agent's financial requirements be disregarded?	2	4
(b) If no, should agent's sales record be considered?	23	3
(9) Should the occasional financing or loans be handled on a uniform basis?	1	21
(a) If yes, does your company have a satisfactory plan?	1	2
(b) If no, does method depend on the agent?	19	1
(10) Should financing affect the percentage of commission?	9	13
(a) If yes, should the percentage of commission be reduced?	6	3
(b) If no, should the percentage of commission be unaffected? ..	14	0
(11) Should financing be an advance against commissions? ..	18	3
(a) If yes, should first and renewal premiums be remitted gross?	8	6
(b) If no, should first and renewal commission be paid in addition to advances?	4	1
(12) Should financing be an advance against first commissions? ..	11	10
(a) If yes, should the agent remit all first payments gross? ..	7	3
(b) If yes, should the agent remit only part of first payments? ..	2	4
(c) If no, should the agent remit all first premiums net?	7	2
(13) Should financing be an advance against renewal commissions?	14	5
(a) If yes, should agent remit all renewal premiums gross? ..	9	3
(b) If no, should agent remit only net renewal commissions? ..	1	0
(c) If renewal premiums are paid direct to company should commissions be credited to advance?	10	3
* * *		
(14) Should all financing of agents be done through general agents or managers?	11	11
(a) If no, should the company finance direct representatives? ..	9	0
(b) If yes, should the company require the supervision of a general agent or manager in order to do financing?	11	3
(15) Should the general agent guarantee the financing which the company does?	14	6
(a) If yes, should the financing be charged against the general agent?	10	1
(b) If no, should the general agent waive overwriting commissions?	2	1
(16) Should financing be extended new and present agents alike?	1	20
(a) If yes, does equal treatment promote better agency relations?	2	0
(b) If no, does inequality disrupt agency operations?	1	15
(17) Should financing funds be considered as every other expense in agency management? ..	13	12
(18) Is it practicable to finance agents?	18	12
(19) Is it profitable to finance agents?	12	15

Question 20 was: "What is the best method of financing agents?" Replies from 10 companies, giving specific suggestions along that line, were included in the analysis.

Floyd Holdren, Mutual Benefit Health & Accident, said it might be necessary for the insurance business to recognize a situation that is generally accepted in other lines of business, that a new man is being paid for activity and not results.

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COMMERCIAL ACCIDENT AND HEALTH INSURANCE
GROUP ACCIDENT AND HEALTH INSURANCE
ORDINARY LIFE INSURANCE

Invites Correspondence from Producers

"We haven't the right to ask for production the first few months," he said. He referred to the results obtained in a Detroit agency where all new agents are put on salary. It has these men to do a specific job. It gives them things to do and they do them. He emphasized the need for better recruiting and better selection of agents.

Rey Edmunds, Fidelity Health & Accident, also laid stress on better selection and praised the idea of the survey being conducted by the conference along that line. He advocated a more comprehensive application and some sort of selection test which would determine a man's aggressiveness and emotional stability as well as some of the points more commonly stressed. He said his company has cut down from the shotgun method of selection to target practice.

Must Provide Livelihood

On the matter of financing, he said it is based on the agent's record and a definite return is expected. No advances are made to new men, but they are given two weeks' training at the company's expense and thereafter are given additional incentives through a bonus system.

E. B. Fuller, Loyal Protective Life, said that in order to get the right sort of men, who will specialize on accident and health and get it out of the class with the general casualty lines, it is necessary to provide sufficient remuneration so they can live at the beginning. His company pays a larger commission for the first year and smaller thereafter. It also pays a salary to a carefully selected list of men, gradually decreasing as their renewals build up. He admitted that this plan sometimes may cause men to send in questionable business in order to qualify for the salary, but said it has the advantage of showing them how they can make a livelihood.

Carroll Reviews Year, Gives Some Ideas for Future

(CONTINUED FROM PAGE 23)

ness, and while the conference can claim neither the idea nor the accomplishment, we can and do point with pride to the fact that this most successful undertaking has been directed from the conference executive offices since its inception."

In taking up the hospital service question, he said that a hospital service "can hardly be called competitive, as the hospital element in the policies sold by our members has always been a very small percentage of the total protection offered. This hospital service is an additional commodity not to be confused with indemnity for loss of time. . . The rates, so far as our companies are concerned, are not settled; the experience is unknown, and the results are problematical. It is apparent, however, that the public will buy this service from an insurance company in preference to a hospital association, coverage and price being equal. We are confronted with the proposition of offering a low price substitute for the hospital service plan or of declining to enter the field.

Government in Business

"It is important to our business that hospital service be offered either by hospital associations or health and accident companies, in order to forestall government operation of such schemes. The most certain insurance against the usurpation of private enterprise by governmental politics is the wise, kind, honest and far-reaching administration of such enterprise by private corporations. If we as insurance companies are not in position to offer hospital service, then let us lend our approval to such well managed associations as do offer it, and so close the flap of our tent against the government camel that might take a notion to insert his nose long enough to get it warm and then decide to take over the whole institution."

He urged a long-range consideration

of public relations and in that connection repeated his often-expressed opposition to the idea of agents' qualification laws.

On the legislative side, he said the past year has not produced any seriously hurtful legislation. He reviewed the complications which developed in Missouri and referred to the New York code, which was introduced but held over to the next session. He again objected to throwing health and accident business into the hopper with all casualty lines and urged a separate statutory classification for accident and health. He spoke of the necessity for unified action in legislative matters, no matter in what state, and the proposed revision of conference dues to provide funds for more effective service.

Attendance at Other Meetings

He told of his attendance at the meetings of commissioners and other organizations but emphasized that it was not at the expense of the conference. He spoke of the high respect in which Harold R. Gordon, executive secretary, is held by these organizations and recommended that the incoming president and executive committee urge Mr. Gordon to attend as many of these institutional meetings and conferences as his time will permit and his judgment dictate as worthy of conference representation. He also suggested that any conference member who is attending these institutional meetings or conventions take it on himself to represent the conference and recommended to the incoming president that such members be endowed with portfolios as delegates at large.

He urged further development of regional conference meetings, stating that much was learned by the free and unhurried exchange of experiences which seems to come so freely at these smaller meetings.

He commented on the growing interest of the younger men in the conference meetings and suggested to the incoming administration that one conference session might well be devoted to the junior members, "where all present over 35 years of age keep silent and absorb the thoughts from these young students who in time will take up the administration of these businesses."

In referring to the year ahead, he said there would undoubtedly be further legislative efforts to increase insurance taxation and suggested that efforts should be confined to resisting increases, rather than to attempting reductions.

On the question of agency research, instituted by the conference the past year, he said:

"Those of us who operate as agency companies are intensely interested and feel that in this exchange of information we are opening a source of knowledge that will cost practically nothing but may be worth thousands. I urge cooperation in supplying the requested information so far as each one is able. All of us have our theories but by cooperation on this information we can discard theories and work with facts."

Frank L. Barnes, vice-president Ohio State Life, was introducing T. T. McClintock, recently appointed manager of its accident and health department.

Watson Powdle, American Republic, Des Moines, former conference president, who has not attended the meetings regularly in recent years, was on hand this year.

Harvey H. Shomo of the American Casualty, one of the conference veterans, who has missed very few meetings in the last 25 years, was unable to be present and was greatly missed. He sent a letter expressing his regret at missing the meeting.

In addition to Chairman J. F. Lydon, the Bureau of Personal Accident & Health Underwriters was represented by W. F. White, Royal and Globe Indemnity, and Tom Wyles, Standard Accident.

Monarch Life "At Home"

The Monarch Life of Springfield, Mass., moved into its new home office building Monday but will not hold the formal dedication until Aug. 15, when the agents' convention will be held there.

GREETINGS

to the

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Anthony E. Ford, Vice President

Texas Agents Convene in Galveston

United Support of Sound Principles Urged by Smith

Agents Told to Use Independent Status Wisely, Assume Responsibilities

GALVESTON, TEX.—United support of sound insurance principles was urged by Sidney O. Smith, Gainesville, Ga., National association executive committeeman in a stirring talk before the Texas Association of Insurance Agents' meeting here. "We as agents are not employes but free and independent contractors, separate legal entities endowed with self determination. So large a freedom imposes large responsibilities and a new measure masters accountability. Shall we use this freedom wisely or abuse it? Victors over it or victims under it? Through all the achievements written into the history of insurance in private enterprise runs one simple, unalterable controlling principle. There must be adequate rates to maintain adequate reserves to pay all losses, normal and abnormal. The preservation of this guiding principle is inherent to real insurance. Whenever this law has been flouted consistently the grave has opened to receive one more company that dared. To operate outside of it is speculation, pure and simple. There can be no substantial security unless this basic control is observed. Self interest, sanity, the rule of reason, therefore, largely inspired and does now inspire a majority of the companies, highly competitive in every sense.

Plane of Rate Stability

"Rating bureau and governing organizations are cumbersome by nature and are rarely capable of rapid functioning but they move on a plane of rate stability and rate adequacy. The experimentation that goes on outside this plane is a human trait and to be expected. It may under certain conditions be desirable and useful but over the span of years I question if it has reduced insurance cost to the public at large. The theory of rate making is sound and its mistakes are not fatal to the factor of safety because the system discovers them in time. Above all, the theory of rate making is based upon equity and impartiality for the many and not upon preferential treatment for the privileged few.

Learned to Change

"Today, in this changing world, insurance has learned to change and we are now witnessing the proof that bureau rules and rates can be made flexible without discrimination and that they can conform within proper limits of safety to changing needs. The varied and extended coverages developed within the past few years may be credited in part to a more sensitive and progressive attitude on the part of organization companies. The long sleep is over and old line stock company insurance is on the march with the agents by first choice. Without us if we do not choose to stand in organized ranks. The orders are forward but under the same banners of solidarity and uniformity in rating, underwriting and servicing practices that in the past has made possible the American agency system. Orthodoxy in insurance is no longer hostile to pro-

Strong Plea for Solidarity in Ranks by E. M. Allen

GALVESTON—A strong plea for solidarity in the ranks of stock insurance was made by E. M. Allen, executive vice-president of the National Surety, at the annual meeting here of the Texas Association of Insurance Agents. "Safety lies in our ability to marshal the forces of stock insurance under one banner. Stock insurance is divided into several major classifications at the present time, although represented in most part by the same agency forces. All the interests of stock insurance, including the agents, should build up a mighty defensive and offensive alliance.

Urges Cool Heads

"We can't very well fight both offensively and defensively at the same time. So far as stock companies are concerned, conditions in the casualty business are deplorable in various sections of the country. There are enough cool heads on both sides of these controversies to work out satisfactory conclusions if they have the will to do so. The swallowing of a little pride on the part of intelligent men who are seeking to find a reasonable way out of business difficulties will accomplish all that we are after. Our aim and objective primarily must be to properly serve the needs of the insurance buying public. Differences of opinion as to method or means are unimportant so long as we keep our objective in mind. Our own selfish interests, our dignity, our prestige or our adherence to the traditions of the past are relatively unimportant in our approach to that particular question.

"A return to fundamental issues is in

order. This does not mean a return to horse and buggy days but a return to the principles upon which the business of insurance is founded. The basic principle of our business is the proper distribution of the losses of our insureds involving correct classification, rating and underwriting procedure.

"The obligation of stock insurance companies and their agents is to prove to the public that no insurance problem is beyond their capacity.

"Unless we are in a position to prove to the public that stock insurance offers the best possible protection at the lowest premium cost commensurate with the risk, our business will be diverted into other channels.

Challenge to System

"The agency situation nation-wide can be stated in simple terms. If the mutual plan of selling protection direct to an assured is the right method of retailing insurance, we must conclude that the stock company method providing for agency service locally is all wrong. Solidarity in the ranks of organized agents bearing aloft the banner of stock insurance, faithfully serving public needs at every opportunity, should be answer enough. Solidarity in the ranks of stock insurance companies is equally important. It seems to me, therefore, that regardless of everything else some means must be found to reconcile the differences now existing between stock insurance companies and operating through the agency forces of this country," declared Mr. Allen.

Challenge to System

gress: It is a proven method and has served all well."

"Reference has been made to the independent status of the agent. As we accept and proclaim this status, it is plainly our obligation thereunder to stand upon our own feet in matters of business conduct and business morals. Too often we have been persuaded to embrace the standards and methods of some company or adopt the tactics of some competitor. There are too many fine companies ready and willing to go along with us to the high road to justify our part particularly any defense of wrong or plea of helplessness. If our trade association means anything it is a call to sound insurance and ethical conduct in selling it.

"Otherwise, it becomes an enterprise, not of intelligent self interest, but of sheer selfishness.

"Independent of the companies but convincingly before them let us walk united and squarely in support of sound insurance and those tried and true principles that govern it. It is not the easy way; it is not the short cut, it calls for fighting strength and present sacrifice but finally it leads to green pastures," declared Mr. Smith.

Clark is Elected President, Seek Stronger Statutes

Favor Written Agents' License Examinations—Retrospective Rating Principle

NEW OFFICERS ELECTED

President—D. A. Clark, Sweetwater, Texas.

Vice-president—Frank C. Gittinger, San Antonio.

New directors—Eric Gambrell, Dallas; Tom S. Gillis, Fort Worth; Gordon Kenley, San Angelo.

Regional vice-presidents—District 1, A. A. Cooper, Olney; 2, Joe Bradshaw, Plano; 3, L. A. Stevenson, Houston; 4, Maynard Robinson, Temple; 5, D. A. Barber, Kingeville; 6, C. E. Irvin, El Paso; 7, Harry Delaney, Memphis; 8, E. M. Proctor, Henderson; 9, F. B. Alexander, Eldorado; 10, E. C. Schiwetz, Yorktown; 11, Blakke Johnson, Breckenridge; 12, Marion Sanford, Lubbock.

By FRED B. HUMPHREY

GALVESTON, TEX. — The Texas Association of Insurance Agents held its annual meeting here with 638 registered. D. A. Clark, Sweetwater, was elected president. The association went on record as favoring a law requiring examinations for agents' licenses. A general strengthening of the insurance laws was recommended. Reinsurance relations of stock companies with non-stock organizations were condemned as well as company groups which enter "a portion of their representation in this state in compliance with our laws and then make use of others to evade our laws." The adoption of a retrospective rating plan approved by the insurance commissioner was favored and the insurance commissioners were commended for their cooperation. It was decided to work with the University of Texas in establishing a fire and casualty insurance course.

Grigg Calls Meeting

The meeting was called to order by Arthur Grigg, president Galveston Board and general convention chairman. In his address of welcome, Mayor Levy of Galveston paid a high tribute to insurance saying that as a lawyer who has never known a company to deny an honest claim.

In the response to the welcome, C. D. Molloy, Jacksonville, paid tribute to Fred Burton of Galveston who passed away since the last convention. He compared the Galveston sea wall with insurance, stating that just as the sea wall protects the Galveston residents from damage by flood so does insurance protect them against fire and other hazards.

President Josh R. Morris outlined some of the problems confronting the organization.

Commissioners Speak

Commissioner Daniel told a story about catching fish in top water only to have those fish taken away by sharks or larger fish in deep water. He wondered if the association was not overlooking the big deep water problems by paying



D. A. CLARK, Sweetwater
New President



JOSHUA R. MORRIS, Texarkana
Retiring President

too much attention to the lesser top water problems.

Fire Commissioner Hall said he hoped the amendments to the rate schedule would be ready by June 15 and that his department was doing everything possible to put extended coverage into effect.

Casualty Commissioner Waters urged agents to promote highway safety not only as members of the association but also as individuals. He said that he feared that agents while realizing the humanitarian angle have not realized the economic angle and that rates will have to be raised if traffic accidents are not decreased.

R. B. Cousins, secretary fire prevention committee, urged a closer feeling of unity and cooperation.

Fred Nagle, Austin, turned in the names of ten new members which brings the total membership over 1,000, a new all time high.

The rates and forms, casualty surety and grievance committees reported.

Retrospective Plan Reviewed.

An intense discussion of the retrospective rating plan carried the meeting past time set for adjournment. Cruger Smith, Dallas, explained the plan and many of those present including A. S. Bevan, Houston; Jess Johnson, Fort Worth; and Melvin Miller, Fort Worth, spoke pro and con. By a close vote the convention went on record as favoring the adoption of a retrospective rating plan that meets with the approval of the department.

At the second day's session, D. A. Clark, the new president, and Frank Gittinger, the new vice-president, were introduced. John Boyce, Amarillo, national committeeman, introduced Sidney O. Smith, Gainesville, Ga., National executive committeeman, who spoke on "Broken Cisterns."

After the report of the resolutions, auditing and by-laws committees, E. M. Allen, executive vice-president, National Surety, spoke on "Straws in the Wind."

Mr. Allen stated that it had been 20 years or more since he had attended a Texas convention. He mentioned many of his old acquaintances and many that he had just met on his present trip and paid a high tribute to some who have passed on.

The legislative committee is headed by C. F. Dieter, San Antonio, assisted by Willard Brown, Corpus Christi; D. D. McInroe, Grownwood; John Adriance, Galveston; Fred S. Nagle, Jr., Austin; T. N. Gribble, Waco; and Brunor Smith, Longview.

Executive Secretary D. G. Foreman in his annual report said that the membership is now 726, a gain of 16 since a year ago. The Texas association has associate memberships and including those the membership was 1,030 as compared with 1,020 a year ago.

Speaking on "Trend of the Cooperative Movement in the United States," W. L. Falk, Royal-Liverpool, New York, declared that the consumer cooperative movement is an insidious, destructive force aimed at American business and that the business of insurance is no exception. Pointing out various examples of the government favoring cooperatives and some times subsidizing them at the expense of capitalistic business, Mr. Falk declared that mutual insurance is also receiving aid and encouragement from the same source. He quoted from

Texas Speaker



SIDNEY O. SMITH, Gainesville, Ga.

Sidney O. Smith of Gainesville, Ga., member of the executive committee of the National Association of Insurance Agents, represented that organization at the Texas state meeting last week. He is one of the most popular agents that attends the National convention.

a statement of V. N. Valgren, principal agricultural economist of the Farm Credit Administration last March, praising farm mutual fire insurance companies and declaring that there is need for more such organizations in many parts of the country, particularly in the south.

The statement maintained that the cost of "commercial insurance" on farm property in the south is exceptionally high and as a result a large percentage of the farmers are uninsured. Insurance agents, declared Mr. Falk, are among the 2,000,000 retailers whom the cooperatives would run out of existence and if they wish to avoid this it is necessary that through every possible source they make it plain that they stand for the profit motive in American business.

Cooperatives Double Membership

Mr. Falk pointed out that in 1937 the total volume of cooperatives totaled between \$400,000,000 and \$500,000,000, equivalent to that of the New York Central railroad. While still small in comparison to the total volume of American business, membership and business of cooperatives has increased more than 100 percent in the United States in the past few years. In Sweden, cooperatives account for at least one-third of the total retail trade and it is estimated there are approximately 500,000,000 cooperative members in 40 countries.

Mr. Falk pointed out the distinction between producers and consumers cooperatives, stating he had no quarrel with the former, but the latter constitute a menace. To make the situation even more dangerous, states, schools and churches are advocating cooperatives, even though they are a death blow aimed at the very people who support

these institutions. In 1936 the Wisconsin legislature made it compulsory for schools and colleges in Wisconsin to include a course on consumers cooperatives and 150 middle western colleges are using the cooperative movement as a debating topic.

Poor Quality of Goods

Mr. Falk cited Consumers Research as his authority for the statement that cooperatives, contrary to their announced intention, almost universally indulge in exaggerated advertising and supply goods of decidedly inferior quality. Pointing out some of the claims made for cooperative goods in foreign countries, repugnant even to most flamboyant schools of advertising, Mr. Falk declared: "Even the peculiarly irrelevant testimonials of Hollywood movie stars are used to sell goods across the cooperative counter in London, Brussels and Paris. . . . America hardly needs to import foreign skill in this line of advertising." Certain advertising claims made for cooperative products in foreign countries have been severely suppressed in the United States by the federal trade commission.

On the point of quality, Mr. Falk showed that a recent test of nine razor blades, six of private manufacture and three from cooperative sources, showed

that the cooperative blades ranked sixth, seventh and eighth respectively in comparative initial sharpness and sixth, seventh and ninth in durability.

"Our capitalistic system," declared Mr. Falk, "may not be perfect but it is the best system of which we have knowledge. On the other hand, socialists, radicals, fascists and their kind thrive upon the weaknesses of humanity by offering panaceas which involve complete changes in the social order but which offer no guaranty that in the long run the consumer will be any better off."

Texas Meeting Notes

D. G. Foreman was as always on the job every minute assisting everyone and greatly aiding the representatives of the insurance press who attended the meeting.

* * *

The nominating committee was composed of E. M. Polk, Corsicana, chairman; F. D. Ludolph, San Antonio; Fred Nagle, Jr., Austin; E. T. Arnett, Goose Creek; and John Boyce, Amarillo.

* * *

Resolutions committee was headed by Cruger Smith, Dallas, assisted by R. A. Killson, Houston; Trospen Mayes, Mineral Wells; W. R. Levy, San Antonio; Willard Brown, Corpus Cristi; Arthur Grigg, Galveston; James Rogers, El Paso.

Security National Fire Ins. Co.
Galveston, Texas

▼

W. L. MOODY, Jr.
President

W. E. RANKIN
Secretary and General Manager

**Strong Believers in the Texas Association
of Insurance Agents**

MARINE INSURANCE

In All Its Branches

Written in Reliable
American, British, and
Japanese Companies

FRANK RIMMER, GENERAL AGENT
COTTON AND MARINE INSURANCE

Kirby Building
Dallas, Texas

Petroleum Building
Houston, Texas

AMERICAN INDEMNITY COMPANY
GALVESTON

Capital **AUTOMOBILE—FIRE—TORNADO—BONDS** Texas' Oldest
\$1,000,000.00 **BURGLARY—PLATE GLASS** Stock Company

J. F. SEINSHEIMER, President C. S. KUHN, Vice-Pres. and Secretary CONOVER HARTIN, Treasurer

Notes From Galveston Parley

The attendance prizes were won by George Hunter, Dallas, Harry Dailey, Amarillo, and Alfonso Johnson, Dallas.

* * *

Among those who had official headquarters were T. A. Manning and Sons, Dallas, Home of New York, America Fore Group, American Surety, Commercial Standard, Floyd West & Co., Dallas, American Indemnity, Texas General Agency, San Antonio, and the Travelers.

* * *

Thursday noon all of the local agents and company men who were registered attended a luncheon while the visiting ladies were given a special luncheon.

* * *

Thursday evening there was a get-together dinner at the famed Hollywood Club followed by dancing.

* * *

One of the most popular headquarters was that of the Commercial Standard where President Jess Plummer and his charming wife, ably assisted by Frank Brackney, Dallas, and his wife, together with Guy E. Duncan, Houston, acted as hosts.

* * *

The Travelers open house at the National association convention in Dallas was so successful that at the Galveston convention the same company maintained headquarters presided over by genial F. Ronald Vincent, assistant manager life accident and group departments, Dallas.

* * *

All details of the convention were handled most admirably and credit for this should be given to Arthur Grigg, general chairman; John M. Frenkel, chairman, John Adriance, Jr., and S. S. Kay of the entertainment committee; Meyers Backenstoe, chairman, Chas. Meyer and Miles Burton, registration committee; Douglas Montgomery and Randolph Dixon, hotels committee, and to Mrs. John M. Frankel, chairman, Mrs. Arthur Griggs, Mrs. John Adriance and Mrs. S. S. Kay of the ladies' entertainment committee.

* * *

A boat trip around the bay was arranged for those who desired to take the ride.

* * *

The Galveston morning paper was distributed with a slip with a message of greetings from Trezevant & Cochran, general agents, Dallas. The slip also listed the names of the Galveston agents of Trezevant & Cochran Agency.

Ever on the Job



D. G. FOREMAN, Fort Worth, Tex.

D. G. Foreman of Fort Worth, Tex., executive secretary of the Texas Association of Insurance Agents, is one of the best known men occupying a position of that kind. He is ever at work in the interest of the organization.

On the morning of the day preceding the convention there was a meeting of the directors and that afternoon a meeting of local exchange officers with Davis Stribling, Waco Exchange, presiding. There was also an exchange dinner.

* * *

E. M. Polk, Corsicana, attended his 41st state convention. He was a charter member of the association, was president in 1930 and has never missed a convention. The only other living charter member is Wm. L. Stiles, San Antonio, who did not attend this year.

* * *

John Dillard, southern manager of the automobile department, Fireman's Fund, is spending the week following the convention with H. A. Yarbrough, San Antonio, Tex., special agent of the Fireman's Fund.

* * *

W. L. Falk, superintendent of the brokerage department of the Royal-Liverpool Group, visited Dallas, San Antonio, and Houston, before going to Galveston.

Gets Results by Stirring Competitive Spirit

(CONTINUED FROM PAGE 22)

ture in the paper, and he likes to be pointed out as the man who did the best job of this or that.

Classification of agents is listed as the most important point in this contest platform. The classification in his own company is as between full-timers and part-timers—the latter the recipient of the most intensive development to bring them into the full-time ranks. To the full-time group, of about 250 men, the company can say: "We expect you to maintain your quota of new business production." They know that accident and health selling is the means of earning a comfortable living. Renewals are important to them because those renewals represent a steady monthly salary. To increase that salary, the agent has to continue to write new business. Contests to them are an inspiration, an occasional spurt of unusual activity which brings up their commission income.

Part-Time Group Big Problem

The part-time group, the policy-a-month salesman and the lukewarm, presents the challenge and the greatest satisfaction to contest builders, he said. "Our full-timers were part-timers at one time. Today's part-timer can be made into tomorrow's full-timer. That is the basic principle of every one of our contest plans."

He said that the basic principle of agency development with the North American is that a friendly individual relationship with each agent who has producing possibilities results in a lasting attachment and the building of a profitable agency. The personal touch is cultivated from the minute an agent is appointed. "We try to call him Harry or Joe just as soon as we are sure he is amenable to friendliness, and we ask him about the kids now and then. We make our routine correspondence just as friendly as we can." Every contest is based on that friendly relationship between field and home office.

Objections to Contests

Mr. Rauwolf then took up the usual objections to contests, the first being: "Salesmen under pressure are tempted to write undesirable business to qualify for a prize. The lamp-post and telephone directory are occasionally enlisted when an agent needs just one or two more cases to make his quota." To meet that objection, he said, three courses are open: To require that the agent send net premiums with applications, which wouldn't go over with the big producer; base qualification on renewal for a period of three months, or educate the agents to making the will-to-win second-

ary to the need for writing desirable business. "We chose the last course," he said.

It is possible to make the full-time man see that by cramming into a contest period a lot of new business that wouldn't renew, he was doing himself as much harm as he was to the company. They have been sold on the idea of writing new business only as a means of increasing or maintaining steady monthly renewal commissions, which represent salary to them.

Plus Clubs Big Factor

A big factor in educating the part-time man to write desirable business, and incidentally to convert him into a full-time man, is the company's Plus Club. It is divided into three sections, the Plus Fifteen, which requires writing of at least 15 full coverage "apps" in one month; Plus Ten, for 10 to 15 apps, and Plus Five, five to 10 apps. Cash bonuses are paid to members of the two leading clubs. Members of the Plus Five Clubs are satisfied with honorable mention. Great interest has been aroused in maintaining interest in these clubs, and especially in the Plus Fifteen.

Naturally, to begin with, there was an occasional lamp-post to contend with, Mr. Rauwolf said. There was a temptation to write just anybody along toward the end of the month when only one "app" was needed to get in the Plus Fifteen Club. In case of doubt, the bonus is paid the first month. If it happens again, the agent is sent a friendly warning letter and told gently but firmly that his bonus would be paid when the business involved has remained in force for at least a month.

Money Is Well Invested

"Here is where the training of the Plus Club has worked out to our advantage in contest work," he said. "The agent with enough confidence to enter a contest knows that he cannot get away with anything, so he tempers that will to win with a liberal amount of fair play and fixed rules. The amount of bonus money we are putting into the Plus Club every month is, we feel, money well invested because it aids us in developing a dependable production of business each month."

In regard to the second contest objection, "If a contest costs me \$500, I've got to get at least \$5,000 worth of business to make it pay," the company reasons that if it puts \$500 into a contest, it is certain that regular producers will increase their production and also that it will awaken an interest in several part-time agents which can be developed by proper home office work into full-time production. In other words, part of the cost of each contest should be legitimately charged to organization building.

Contests Based on "Apps"

A third objection some times offered is: "Contests are discouraging to the average producer because he realizes that he can't meet the quota, and the prizes go to the same few agents every time." What the company wants is regular production of healthy monthly volume and it found that basing any contest on dollars of business did not get that result. It considers that 10 monthly paid policies, with their widely spread risk and low indemnities, are preferable, from an underwriting standpoint, to the concentrated risk represented by the occasional \$100 annual premium. Therefore, practically all contests are based on acceptable applications written, which is also the basis for membership in the Plus Club.

"Through steady, month after month offering of bonuses for number of apps written, without consideration of premiums involved, we have made our agents 'app conscious.' We have taught them to build volume slowly and regularly by producing some business every month."

At the beginning of 1937 a "team contest" was organized, with the producing staff divided into teams of 10 men. Those teams were to fight it out for four

cash team prizes, the prize money to be divided among the members of the winning teams in order of their production of applications. The leading producer on each team at the close of the contest became captain and received a special cash prize, whether his teams placed among the winners or not. The contest was staged in February and March. Any member of the team who didn't place in a Plus Club in February was dropped from the team and replaced for the second month of the contest. The cash award wasn't large, but the contestants fought it out tooth and nail.

Netted Increase of 2,000 "Apps"

At the end of the contest, 160 agents were still in the running. They had written 4,200 full coverage applications, 2,000 more than the same agents wrote the corresponding two months of the previous year. The contest cost \$440 in prize money. It netted an increase of 2,000 full coverage "apps" and eight part-time agents converted into full-timers.

The Challenge Cup contest originated in a discussion at an eastern agency meeting when two general agents, operating in different sections of the same state, were bragging about the new men they had put on and how well things were going. The home office contingent egged them on until a challenge resulted. The company donated a silver loving cup to be competed for in November and December. It was agreed that the losing general agent would buy the lunch for the crew of the winning general agent. The home office built up the competitive spirit to where every application written had to be avenged by new production in the opposing camp.

Builds Up Women Agents

At the close of the contest, the winning agency had written 91 percent more applications than for the same period the year before, while the losing agency increased its number of applications 78 percent. Other general agents reading the challenge cup reports became interested and now there is a waiting list of challengers for this trophy.

The North American has a number of women agents who are especially successful and the company has capitalized on this by working up a spirit of rivalry between men and women agents in the same office. As a result, it has developed 14 women agents who are month after month members of leading production groups.

Stimulation Important Factor

J. T. Mayall, American Savings Life, agreed with Mr. Rauwolf that the stimulation of agents was as important a result of contests as the amount of business produced. He spoke of the use of merchandise prizes as helping to interest the wives and families of agents. He emphasized the importance of preparation and carrying out those plans with the greatest care.

C. C. Inman, Illinois Mutual Casualty, said his company is thoroughly sold on contests and in fact carries on contests 12 months in the year, with both cash and merchandise prizes, with two major contests in the spring and fall. First, second and third prizes are given for both number of applications and volume of premiums. Prizes are awarded on the basis of paid premiums. His conclusion was that contests do pay and his experience has not been that they bring in undesirable business.

Results of Youngstown Inspection

YOUNGSTOWN, O. — Thirty-one buildings have been condemned by fire inspectors during annual spring "clean-up week," out of some 9,047 buildings inspected by 100 firemen, announced Chief Steinfurth. All non-residential structures were inspected. Total of 85 complaints were issued to property owners, including 28 for defective wiring. Firemen found 117 of the 9,407 buildings vacant.

Oklahoma Agents Turn Down Rule on Boycott

Annual Convention Held at Oklahoma City—Crosby of Grand Rapids Is Speaker

OKLAHOMA CITY—With no special problems to solve and no officers to elect, the annual convention here of the Oklahoma Association of Insurers last week was designed for cementing the bond of friendship and unity and giving members an opportunity to discuss their individual difficulties and plans. The most important action taken was to reject the amendment to the by-laws, which had been previously approved by the executive committee, regarding appointment of agents. The amendment provided that companies be requested to appoint only agents who were members or prospective members of their local exchanges, under penalty of having other agents who are exchange members, decline to place any new or renewal business with the companies that fail to comply. The association, however, approved the recent action of the executive committee in adopting the amendment that provides that association members shall assist in keeping intact expirations of a deceased member's agency pending its reorganization on a self sustaining basis.

In his address, President John J. Moffatt urged agents to do their part in revamping the insurance program of the future for the protection of clients who look to them for counsel. He advocated establishment by field men of a minimum standard qualification for agents that would insure "representation for stock companies that would maintain the ethics of the profession." The president recommended a conference between the executive committee and company representatives to study the California plan as a substitute for the in-or-out rule in meeting the conditions existing in Oklahoma.

Crosby a Head Liner

If the American Agency system is to continue to prosper and to justify its place in the intricacies of the modern world, the agent must be a trained man, equipped to render sound, constructive advice and service, said James M. Crosby, Jr., Grand Rapids, Mich., member of the executive committee of the National association, the only out-of-state speaker.

He outlined the aggressive achievements of the National association and the wonderful strides that had been made in a short time, accenting the rural agents' program and business development activity, stating that never again can it be said that the stock company agents are inferior salesmen.

Promote Agents' Qualifications

"Our carrying the message of consumer cooperatives to the business men of the nation, has definitely harassed our non-stock friends and has been a constructive step in the perpetuation of the American way of doing business as well as a clarification of the principles of stock insurance. We hope these activities have pointed the way to closer relations with the companies and to better public relations," he added. "It is essential, of course that we promote the theory of qualifications for agents, not, however, to stifle competition, but to place our business on a higher plane in the interest of those whose interest must always be paramount—our buyer—the

Oklahoma Agents Head Sees Danger in Direct Selling By Stock Company Fieldmen

John J. Moffatt, in his presidential address at meeting of the Oklahoma Association of Insurers, recommended that the administration be instructed to investigate the feasibility of applying the principles of the so-called California plan to Oklahoma. That is the arrangement whereunder some 55 company groups have signed a "declaration of guiding principles" that is designed to result in the elimination of incompetent agents and solicitors.

Considerable progress has been made during the past two years in retiring incompetent and part-time agents in Oklahoma, but the situation is still bad, he declared. Many curb-stoners continue actively to solicit business and place their policies with licensed agents under cover.

Mr. Moffatt voiced the opinion that companies should agree on a minimum standard qualification for all stock company agencies that would reflect credit on the business. The problem can be approached through applying the in or out rule, but this carries a threat of reprisal and creates antagonism. Mr. Moffatt says he prefers the cooperative method that was invoked in California.

Mr. Moffatt said he is concerned by the tendency of field men to do the actual selling for agents. "Many incompetent agents who are unable to assimilate, comprehend and sell modern contracts," he declared, "have become mere 'finding agents.' They locate the risk or prospect and call in the field man to make the actual contact and sale. The stock company field man has thus become a traveling salesman and is coming to be regarded by the public in the same category as the traveling representative of the non-stock insurance organization. While he is trying to help his agent he is weakening him in the public eye."

This practice breaks down the confidence of the assured in the ability of the agent, causing the assured to look directly to the company and paves the way for favorable consideration of the proposition from a salaried mutual representative, he declared.

public. In doing so, we must be sure that such qualifications are reasonable. We must not deprive anyone of the right to earn a living in our business if he is honest, capable and sincere. Likewise, we must set reasonable standards, but not prohibitive and selfish ones, for membership in our associations."

Major Objectives Outlined

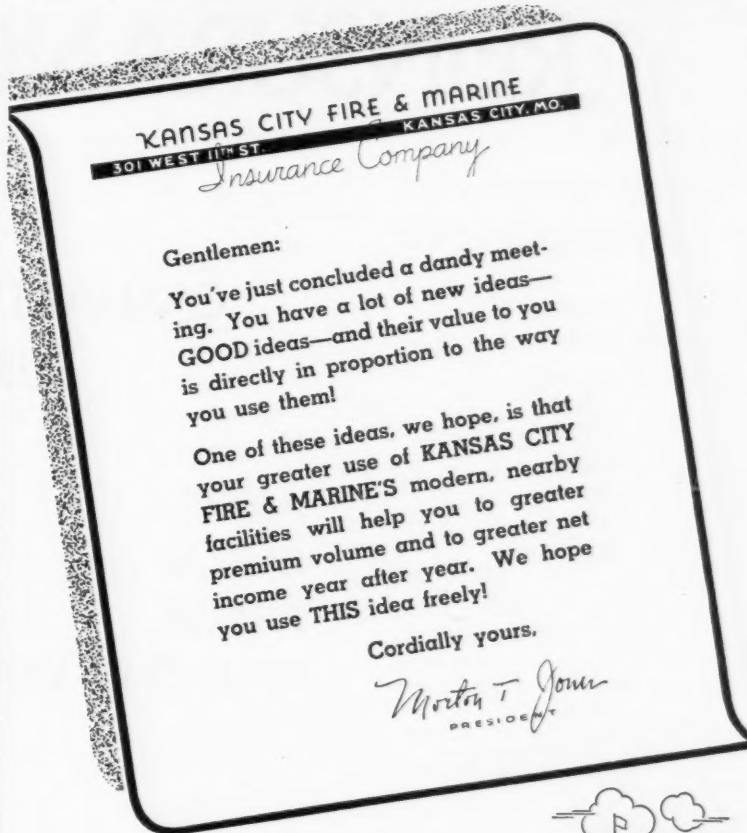
Major association objectives for the year were outlined by H. P. Frantz, chairman of the executive committee, as intensive development of local exchanges to make them vital, self-governing bodies rather than exchanges in name only; to eliminate political activity except where necessary for protective purposes; to encourage preparation of a new model insurance code similar to that recently adopted in Illinois which would place all kinds of insurance carriers under uniform regulations; and to provide for either election or appointment of insurance board members to prevent possibility of a deadlock. The fourth objective is to push organization of rural agents' units of the exchange throughout the state.

President Slater's Talk

The position the stock insurance business holds today did not just happen but is directly attributable to the many years of team work and cooperation of farsighted and courageous pioneers of the business on the part of both companies and agents, said Paul J. Slater, president of the Oklahoma Fire Underwriters Association, in urging this factor as the keynote of success. He pointed to evidence of team work on every side

(CONTINUED ON LAST PAGE)

An open letter to all OKLAHOMA INSURORS



KANSAS CITY Fire and Marine

INSURANCE COMPANY

CHICAGO OFFICE:
INSURANCE EXCH.

KANSAS CITY,
MISSOURI

Farewell! Oklahoma Agents

It was a pleasure to have you in Oklahoma City for your Annual Convention and we sincerely hope you will come again soon.

May the best of luck and success follow you throughout the coming year.

F. Wiley Ball
Braniff Insurance Agency
Ancel Earp & Co.
H. L. Farish & Co.
Ledbetter Insurance Company

PAVE THE WAY—An accident policy sale is the easiest way to get acquainted with your prospect and pave the way for other lines. For suggestions that sell read *The Accident & Health Review*, A-1946 Insurance Exchange, Chicago. Sample 10c.

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CASUALTY · FIDELITY SURETY

ASSETS	\$15,242,351
CAPITAL	1,500,000
SURPLUS	2,500,000
VOLUNTARY RESERVE ..	709,142

QUALIFIED IN EVERY STATE
AND DOMINION OF CANADA

KANSAS CITY
NEW YORK
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LOS ANGELES
SAN FRANCISCO

EMPLOYERS REINSURANCE CORPORATION

E. G. TRIMBLE, President
HOWARD FLAGG, Executive Vice President

The NATIONAL UNDERWRITER

May 26, 1938

CASUALTY AND SURETY SECTION

Page Thirty-Five

Fairchild Cites Motivating Force Behind Program

Missouri Insurance Council Hears Talk on Value of Public Relations

KANSAS CITY, MO.—The stock casualty and surety business in the past few years has gradually but effectively entered a new era in its relationship with agents and the public in keeping with changing conditions, Claude W. Fairchild, general manager of the Association of Casualty and Surety Executives, told the Missouri Insurance Council here.

Mr. Fairchild, who spoke on "Public Relations in the Stock Casualty and Surety Business," said: "The motivating force behind our new program is a greater recognition of the value of public relations, the establishment of harmonious relationships to the end that our business in its many-sided usefulness will win justified recognition. Taking the lead in our new program, the Association of Casualty and Surety Executives has set as its objective to be a constantly potent and expanding force in acquainting the public with helpful information about the protecting influences behind their policies."

A Positive Force

Every phase of this new program, he commented, has been initiated and developed with reference to its relationship to the needs of managers, agents and brokers, and is designed to be a positive force from which the public and the business will benefit. He cited as one instance the possibilities in the field of automobile liability insurance. "The traffic accident problem is among the most urgent in the country today," he said. "As citizens we face an increasingly serious threat to our security, and as insurance men, we are threatened with the extinction of what ought to be a sound branch of our business."

"But as insurance men we are also in a unique position to deal with traffic accidents. Our interests are identical with those of the public. We can act as specialists in the problem and represent the public before those who must bring order out of the traffic chaos nationally as well as locally. This means not so much doing ourselves the detailed things that must be done, but helping to see that they are done by the proper authorities."

Problem of Fraudulent Claims

Simultaneously, he said, the problem of fraudulent claims and claims that are otherwise dishonest must be dealt with and effort must be made to attack the practices of professional crooks.

He outlined the accident prevention work of the National Conservation Bureau, indicating how each of the bureau's projects is intended to aid the public in bringing various phases of the ac-

(CONTINUED ON PAGE 52)

Serious Deficits in Three N. Y. Compensation Funds

NEW YORK—Amendments to the New York workmen's compensation law will undoubtedly be necessary to take care of the mounting deficit, currently set at almost \$3,500,000, in three of the special funds established under the compensation law, Actuary G. H. Hipp of the New York State Fund, told the Casualty Actuarial Society at its mid-year meeting.

Mr. Hipp made only brief reference to two special funds created in 1935, to assure continuance of compensation benefits despite insolvency of carriers. Mainly he dealt with the second injury fund, in which there is a deficit of \$860,614; the reopened case fund, in which the deficit amounts to \$2,583,396; and the aggregate trust fund, which has a deficit of \$43,295; and the vocational rehabilitation fund which has a surplus of \$496,366.

Fund Spreads Load

The second injury fund was created to take care of cases where a workman has previously been partially and permanently disabled by the loss of one major member of the body and then by accident loses another member of the body, and thereby becomes totally and permanently disabled. From the second injury fund is paid the additional compensation as for permanent total disability, since it is recognized that the higher degree of disability is not the financial responsibility of the employer for whom the workmen happened to be working at the time of the second accident but is the obligation of industry generally.

The second injury fund is maintained by a provision in the law that where a death award would be made under workmen's compensation but there are no dependents a payment of \$500 must be made into the second injury fund. Mr. Hipp said that although the present \$500 contribution to this fund in each no-dependency death case award appears to be approximately sufficient to cover current losses, the \$860,614 deficit must still be taken into consideration. He pointed out that the financial condition of the various special funds is a matter of serious concern to the compensation carriers inasmuch as they are likely to be called upon for additional contributions to at least two of the special funds, the second injury fund and the reopened case fund.

Supported by \$300 Contributions

The reopened case fund is supported by contributions of \$300 in each no-dependency death case award.

"The present contribution of \$300 appears to be grossly insufficient to cover even the current losses of this special fund," said Mr. Hipp. "In addition there is an indicated deficit amounting to \$2,583,396 as of Dec. 31, 1936 which must be taken into consideration."

"The proposal made by a conference committee of the compensation insurance carriers to amend the compensation law so as to decrease the contribution to the vocational rehabilitation fund in each no-dependency death case award

from \$500 to \$200 and to increase the combined contributions to the second injury and reopened case funds in each no-dependency death case award from \$800 to \$1,000 would no doubt improve the situation.

Better Defenses Would Help

"A further improvement in the situation could be effected by better defense of claims against the second injury and reopened case funds. While these proposals constitute a good beginning it is doubtful whether they will solve completely the problem created by deficits in the second injury and reopened case fund. It is probable that additional steps will be required in the future."

While there is an indicated deficit of \$432,295 in the aggregate trust fund, into which the industrial board may direct payment of the present value of all unpaid death benefits or compensation in cases where awards are made for disability period of 104 weeks or more, Mr. Hipp intimated that this deficit is not serious, since the aggregate trust fund is far larger than the combined amount of the other two funds having deficits. He pointed out, however, that while the deficit has not yet assumed large proportions it would seem advisable to correct the situation before serious harm is done. He suggested that the situation be remedied by providing for a small additional loading on the awards paid into the aggregate trust fund for as long as may be necessary to overcome the deficit.

Lower Interest Caused Deficit

In each year previous to 1937 the aggregate trust fund had a surplus. The main cause of the deficit last year was interest earnings on investment of the fund being insufficient to equal the interest required to maintain the reserve.

The vocational rehabilitation fund, out of which payments are made for the training of injured employes in work fitted to their disabled condition, had a surplus of \$496,366. It is supported by \$500 contributions in no-dependency death awards. Mr. Hipp suggested that even if the contribution were cut to \$200 it would still appear to be sufficient to meet the fund as it is currently operated.

However, he called attention to the

(CONTINUED ON PAGE 52)

Special Section Covers H. & A. Conference Meet

The annual meeting of the Health & Accident Underwriters Conference, which is being held this week in the Edgewater Beach Hotel in Chicago, is covered in a special section of this issue, pages 20-29, including the discussions of hospitalization insurance and agency management problems, as well as the formal addresses delivered at the meeting.

Outlines Future of Retrospective Rating System

S. D. Pinney Says It Is Applicable to 16 Percent of Compensation Business.

NEW YORK—Possible future developments of the retrospective rating plan were outlined by S. D. Pinney, associate actuary Travelers, in a paper presented at the Casualty Actuarial Society meeting. Mr. Pinney also dealt in detail with the history of retrospective rating and the experience with it thus far. He said that the experience of "one large insurance carrier" indicates that the results obtained under the plan substantiate the claims made by its proponents and that for a group of 22 risks on which the standard premium would have been \$553,383 written by this carrier the experience indicates that approximately 75 percent of the number and premium volume of risks with an annual standard premium of \$5,000 or more will produce premium credits under the retrospective rating plan.

"This observation is based upon the actual past experience records of risks in this group without taking into consideration possible further improvement in the loss ratio experience resulting from increased interest in accident prevention and control under the retrospective rating plan," he pointed out. "Furthermore, this estimate was based upon risk loss ratios which had been adjusted to the basis of a permissible loss ratio of 60 percent for the business as a whole."

Self-Insured Adopting It

"The number of risks which have availed themselves of this new method of premium adjustment is increasing. It is interesting to note that risks which previously had been self-insured are included among this number. The optional basis of application has removed any pressure upon employers to become subject to the plan but, undoubtedly, there will be many who will make such election when there becomes available the actual results produced for risks which have already been written on the basis."

"As additional experience is developed under the actual application of the plan, modifications in the retrospective rating procedure will undoubtedly be indicated. Without attempting to predict the extent of such modifications, it might be in order to comment briefly upon certain items which, in the opinion of the writer, should be given consideration."

"The plan has been criticized to some extent on the ground that the minimum and maximum premiums are too high, particularly for risks in the lower premium brackets. This criticism should be analyzed on the basis of more recent experience compiled for all risks with premium of \$5,000 or more, and with due consideration of the results produced un-

(CONTINUED ON PAGE 50)

Indiana Gives Approval to Safe Driver Plan

Newbauer Reconsiders When Insurers Agree Not to Put Rate Increase into Effect

INDIANAPOLIS.—The safe driver reward plan for writing automobile insurance may now be used in Indiana for one year, according to a ruling just made by Commissioner Newbauer.

"When this plan was first submitted to the department," Mr. Newbauer says in a bulletin, "it contained several objectionable features along with certain other provisions contrary to the Indiana law and this caused the department to reject the proposal at that time. However, an amended plan has now been submitted, from which the rate increase and the conflict with existing law have been eliminated, and for the further reason that the adoption of the plan anticipates that a saving in excess of \$100,000 per year will accrue to the insuring public in this state, I have hereby given permission for the use of such amended plan in Indiana, permission granted for the period of one year May 18. Should the adoption of this plan fail to meet expectation, the right is reserved to rescind this action at the end of the trial period.

"Interested as I am in all safety measures that will give added protection to our citizens, I am very glad to give this plan an opportunity to function now that the increased cost to the insured has been eliminated, a saving to the policyholder contemplated, and an increased measure of safety assured the public."

Oregon Approves Safe Driver

Commissioner Earle Gives His Sanction to the Plan—Advisory Committee Is Now in Charge

PORTLAND, ORE.—At a well attended meeting held May 19, the principal representatives of National Bureau of Casualty & Surety Underwriters companies in Oregon elected an advisory committee comprised of the following: M. K. Spratt, U. S. Fidelity & Guaranty; J. S. Laird, Standard Accident; Karl Lively, Aetna Casualty; Fred Reed,

Albany Hearing on Auto Compensation to Be June 1

The hearing in Albany on the proposal before the constitutional convention to authorize setting up a system of benefits for victims of auto accidents, modeled after the workmen's compensation pattern, has again been postponed, this time to June 1. The hearing was set down for Tuesday of this week, but it was put over, due to the fact that the meeting of the New York State Association of Local Agents is taking place this week in Syracuse.

During the week ended May 19, 93 proposals were introduced in the constitutional convention, bringing the total to date to 361. The last day for introduction of proposals was Wednesday of this week.

Many of the proposals have a direct bearing on insurance while others have an indirect effect upon the industry.

One of the new proposals would provide workmen's compensation insurance for professional athletes employed by public or private schools and colleges.

Another proposal would give an insurance company that was fined by the insurance superintendent or an agent or broker whose license was suspended or revoked the right of a full judicial review.

About the middle of June, it is anticipated, the convention will be very busy debating various proposals as they are reported from committees.

Great American Indemnity; Lowell Miller, Hartford Accident & Indemnity. The election of this committee was in compliance with the revised rules of the Pacific Coast branch of the National Bureau of Casualty & Surety Underwriters. R. E. Fay, Pacific Coast manager of the National Bureau, advised the gathering that Commissioner Earle had accepted the "Safe Driver Reward Merit Rating Plan" to become effective June 1, with no change in the basic private passenger automobile rates in this state.

Mr. Spratt, vice-president of the casualty association, presided, but owing to the necessity of his returning to federal jury duty, he turned the meeting over to Mr. Laird of Lamping & Co. He stated that the new plan will enable the representatives of bureau companies in Oregon to have a voice in bureau affairs.

Safe Driver Controversy Stirs Chicagoans This Week

Leslie Addresses Large Luncheon Meeting — Brokers Body Meets to Debate Advertising

The safe driver reward plan is enlivening the insurance scene in Chicago this week.

The Casualty Managers Club of Chicago and the Casualty Underwriters Association hurriedly arranged a luncheon meeting in the Union League Club Wednesday, when they discovered that William Leslie, general manager National Bureau of Casualty & Surety Underwriters, would be in the city that day on his way to East St. Louis to address the meeting of the Illinois Association of Insurance Agents on Thursday. The companies invited numerous brokers and agents to attend and about 400 were on hand to hear Mr. Leslie. The presiding officer was John Pabst, manager Fireman's Fund Indemnity, who is president of the Casualty Managers Club.

Atmosphere Is Charged

Mr. Leslie, in Chicago, was in the midst of an atmosphere that is charged with feeling regarding the safe driver plan.

On Wednesday morning there appeared in some of the Chicago papers the last of a series of advertisements sponsored by the Insurance Brokers Association of Illinois, attacking the plan and stating that automobile insurance may be purchased in financially sound companies with the discount in rate credited in advance. Altogether 11 of these advertisements have appeared in Chicago, all of the papers being patronized except the Chicago "Times."

On Thursday afternoon there is to be a special meeting of the brokers association for discussion of the advertising. Some of the members and a few directors are expressing indignation because of what has been done, although President C. A. Berger states that the objectors are comparatively few. The administration contends that it was authorized by prior action of the membership to engage in such a campaign.

Rumors have been prevalent that the cost of the advertising, amounting to

(CONTINUED ON PAGE 52)

Ohio Seeks to Effect Company Understanding

Department Would Avoid Clashes Between Auto P. D. and Collision Writers

COLUMBUS, O.—A conference was held here between the Ohio department and central Ohio claim managers relative to methods of adjustment of losses in cases where one party has property damage and liability insurance and the other has deductible or convertible collision insurance. The superintendent will appoint a committee to work out some solution of the problem. All interests will be represented, casualty and fire, and a member of the insurance department will act as chairman.

Frequently, it appears the p. d. writer pays in behalf of its assured the amount of the deductible in the collision policy of the claimant, obtains a release and leaves the claimant to recover the balance of the loss from the collision writer. That procedure destroys the subrogation rights of the collision writer and sometimes leads to conflict between the collision writer and its assured.

The department will seek to create a mutual understanding between the property damage and the collision carriers as to a fair and equitable procedure in the adjustment of collision and property damage claims.

KNOCK-FOR-KNOCK AGREEMENTS

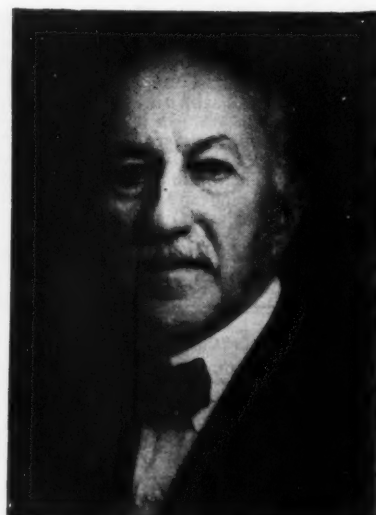
The Review of London in a recent issue refers to this problem of dividing the cost of collision losses between the different types of companies. Practically all English companies have so-called "knock-for-knock" agreements in operation with other companies which has the sole object of avoiding unnecessary legal costs in deciding who is to blame for collision between motor cars. The number of accidents in the course of a year is so high that any attempt to ascertain the facts of each case for the determination of liability would involve insurance companies in such heavy costs as to make it impracticable. Obviously there would seldom be any agreement among the individuals immediately concerned. It is nearly always the other fellow's fault that a collision occurred and witnesses would be required to set-

(CONTINUED ON PAGE 52)

PROMINENT IN PENNSYLVANIA INSURANCE DAYS



JOHN A. DIEMAND



E. C. LUNT



W. A. EDGAR



WILLIAM LESLIE

Casualty men are taking part in the big gathering at Philadelphia the latter part of this week under the auspices of the Pennsylvania Insurance Federation featuring "Pennsylvania Insurance

Days." John A. Diemand, executive vice-president Indemnity of North America, is chairman of the smoker feature Thursday evening. W. A. Edgar, Philadelphia manager of the United

States Fidelity & Guaranty, is chairman of the casualty and surety sales conference Friday afternoon. Participating in that conference are Vice-president E. C. Lunt of the Great American Indem-

nity and William Leslie, general manager National Bureau of Casualty & Surety Underwriters.

The casualty company people always are prominent in this affair.

N. Y. Law Revision Third Draft to Be Much Shorter

Changes in First Five Articles Soon to Be Released, Chairman Patterson Says

NEW YORK—The third draft of the proposed New York insurance law revision has been completed through the first five articles and the committee will shortly distribute a pamphlet indicating the changes from the second draft, which is the form in which the revision was printed as a legislative bill, Prof. E. W. Patterson, chairman of the committee, stated in his talk before the Casualty Actuarial Society.

Changes proposed for the first five articles are not regarded as important in substance but are mainly in the direction of omitting a good deal of detail which has been criticized in the first two versions. The first five articles cover 149 of the 686 printed pages in the second draft. They deal with definition, penalties, organization of the insurance department, administrative and procedural provisions, organization, licensing and corporate procedure of insurers; and assets, investments, and deposits.

Summarizes Other Changes

Along with the pamphlet covering these articles will go a summary of changes which the second version makes as compared with the original draft. Not only will this furnish a ready guide to the differences between the first and second drafts but will enable anyone having a copy of the first draft but not the second to write in the changes that have been made and bring his copy up to date. While Professor Patterson did not say just how much shorter the third draft would be, J. J. Magrath of Chubb & Son, former chief of the New York department's rating bureau, said that it was his understanding that it is "very much abbreviated and may tend more toward the code principle than toward the self-construing doctrine."

Discussion of the proposed revision, which occupied practically the entire afternoon session, concentrated on three points: prohibition of stock casualty or surety companies from declaring dividends except out of "earned surplus"; boosting of reserves on personal injury liability, employers liability and workmen's compensation; and limitation of amount to be written on a single risk. Professor Patterson said that in connection with the point about payment of dividends out of "earned surplus," the committee had intended to include in the second draft a provision easing the restriction on payment of dividends.

Hobbs Criticises Provisions

The second revision, Section 91.5, states that "no stock casualty or surety company may declare or pay any cash dividend except of 'earned surplus,' meaning thereby surplus less contributions to surplus, less also sums representing appreciation in value of investments not sold or otherwise disposed of." C. W. Hobbs, special representative of the National Association of Insurance Commissioners, National Council on Workmen's Compensation Insurance, said that this condition is very severe, particularly in the case of a company which has not merely contributed surplus in organization but has dumped in extra surplus to tide the company over a hard place.

Professor Patterson said that the committee intended to have the second

(CONTINUED ON PAGE 51)

Standard Surety Prepares For New Developments



JOHN F. NUBEL

NEW YORK—Under the new executive set-up of Standard Surety & Casualty a vigorous effort will be conducted to revitalize the company and to cause it to be considerably more of a factor in the business than it has been.

President J. A. Kelsey and Vice-president George Z. Day are widely known in fire insurance while J. F. Nubel, recently elected vice-president in charge of casualty and surety underwriting and production, has an established reputation in his field. The combination is one that should prove effective.

Mr. Kelsey is president of Standard Fire of New York and is the United States general agent in the fire department for Tokio Marine & Fire. His insurance career began in 1880. In 1890 he was appointed assistant manager of the northeastern department of Royal, and subsequently he served as United States manager of several foreign companies. He has made a record for sound underwriting and broad business judgment.

Mr. Day's earlier experience was with Crum & Forster, of which he was assistant secretary in 1922 when he resigned to become assistant manager of Tokio M. & F. He was later elected vice-president of Standard of New York as well.

Since his further election as second officer of Standard Surety Mr. Day has been giving close study to casualty affairs and together with his associates has planned a number of changes in its field operations.

Mr. Nubel has been prominent in the local casualty field for years. In 1911 he joined Royal Indemnity as a junior clerk and in the course of the years became manager of its New York City office. He later established an agency of his own, and then became metropolitan manager of Globe Indemnity, from which position he is resigning to go with Standard Surety.

As an initial move in its new program Standard Surety has established a branch office at the headquarters building, 80 John street.

New Hampshire Agents Pleased

PORTSMOUTH, N. H.—Agents in New Hampshire point to the present assigned risk plan for handling automobiles where rates exceed the normal because of bad loss ratio as an excellent example of what can be done in resolving possible conflicts between companies and agents when both sides get together to talk things over. Agents say that the get-together scheme in a spirit of cooperation made it possible to handle this problem in a way which, so far as it can be done, will prevent sore spots in any of the groups, public, agents and company.

Lloyds Choose to Answer First Illinois Action

Pass Over Quo Warranto Suit and Get Extension in Earlier Case

Counsel for London Lloyds have obtained an extension to May 30 within which to plead in the case of State ex rel. John W. Barber vs. W. E. Hargreaves et al. in the Sangamon county circuit court at Springfield, Ill. This was the original action brought by a group of surety companies to review the procedure under which Lloyds was licensed in Illinois. The surety companies take the position that Lloyds was not compelled to comply literally with many of the provisions of the Lloyds section of the new Illinois insurance code.

Subsequently the surety companies brought a second action. It is a quo warranto proceeding, requiring the 1,500 or so individual underwriters to establish by what right they are operating in Illinois.

Service Was Sustained

The extension to May 30 was obtained by Lloyds upon the representation that they had concluded to answer the original complaint of the surety companies rather than to question the right of those companies to proceed by quo warranto. After the quo warranto action was filed, the Lloyds people filed a motion to dismiss the case on the theory that the individual underwriters had not and could not be served in such an action. The court held, however, that service had been obtained by the surety companies.

In their answer to the original complaint, Lloyds will be required under the statute to disclaim that they are doing business in Illinois, or justify their right to do business. Inasmuch as they are doing business in the state they will, therefore, be compelled to set forth a justification which the surety companies will contend must specifically show compliance with each condition precedent to the issuance of a license.

Yetka Calls Casualty Men to Auto Rate Parley

ST. PAUL, MINN.—At request of Commissioner Yetka, representatives of casualty companies met with him this week to discuss the automobile rate structure in Minnesota with a view to improving it where needed. Attending the conference were Cornelius Van der Steen, New York City, representing the National Bureau of Casualty & Surety Underwriters, Garfield W. Brown, Chicago, of the American Mutual Alliance, and representatives of various nonaffiliated companies.

Commissioner Yetka asked that the companies furnish him their experience on public liability and property damage for the years 1935-1937, inclusive, so that he could use this data in considering future filings of automobile rates. The conference was reported to be entirely harmonious, companies agreeing to provide all data requested.

Would Protect the Underwriters

L. L. Valentine, who was an underwriter of the defunct Chicago Lloyds, is soliciting his fellow underwriters to take joint action to protect their interests. Attorney D. A. Clithero is acting in the matter. He states that the intention is to seek an accounting to make sure that the funds of Chicago Lloyds are applied in accordance with the power of attorney. Mr. Valentine seems to be particularly interested in determining whether the provision in the power of attorney was carried out to the effect that 25 percent of the net earnings should be placed in a reserve fund.

Lydon Reelected Personal Accident Bureau Chairman

Hospitalization Insurance Provokes Interest — Hands Off Policy Is Recommended

John F. Lydon, manager Ocean Accident, was reelected chairman of the governing committee of the Bureau of Personal Accident & Health Underwriters at the annual meeting at Rye, N. Y. The companies which are members of the committee are the Aetna Life, Connecticut General, Employers Liability, General Accident, Globe Indemnity, Hartford Accident, Maryland Casualty, Standard Accident, Travelers and the U. S. Casualty.

A "hands off" policy in regard to hospitalization insurance was recommended in the report of the underwriting committee, submitted by George Goodwin, Connecticut General Life. After reviewing some of the comments made by Dr. Rufus Rorem on the operation of the hospital association plans and the "chaotic" situation in Canada, where it is stated that various companies have attempted the sale of some form of hospital benefits through riders attached to their policies, with premiums ranging all the way from \$6 to \$20 per unit, the report says:

Hopeless to Compete

"It was the unanimous opinion of the sub-committee that it was practically hopeless for a stock company, paying agents' commissions, taxes and the other necessary overhead expense of handling, to compete with a voluntary non-profit association. It would hardly seem practical to offer a form of insurance less liberal than the protection offered by the association, and it would seem impossible to issue comparable coverage at as low a cost."

The report reviewed the discussions of the question of aviation coverage as related to long distance flights over water, and the decision that free aviation coverage be definitely held to the present limit of 300 nautical miles over water; that when the 300-mile limit is extended a questionnaire be used to bring out full details of the proposed flight or flights, and that a minimum charge for the extension be set up.

The difficulties experienced in connection with approval of policy forms by the Missouri department also were reviewed.

Interest in Discussion

Great interest was taken in the discussion of hospital insurance. Some of the companies writing group business feel that it belongs in that department, but there are many companies in the bureau which do not write group business and they consider that this line is one which is of increasing importance and one which must be given consideration.

J. N. Whitaker, Employers Liability, presented a general discussion of the subject and also told of his own experience in connection with a somewhat similar line. Following discussion, the whole matter was referred to the governing committee. Consideration of the matter has not been ended by that action, however, and it is definitely stated by executives who were responsible for bringing up the subject that it is still regarded as a very live issue.

Speaking on "The Accident Underwriters' Laboratory," R. K. Metcalf, manager claim department Connecticut General Life, described the claim department as a place where it can be determined how the program set up by the underwriters is working out, both as to

(CONTINUED ON PAGE 52)

Senior Sees Code of Ethics As Big Factor in Future

N. Y. Compensation Rating Board Manager Addresses Casualty Actuaries

NEW YORK—Methods of carrying out contract obligations, the manner of applying premium rates, the duty of preventing losses, the mode of meeting competition, may all become the basis for a code of ethics which future events may serve to develop, L. S. Senior, general manager New York Compensation Rating Board, said in his presidential address before the Casualty Actuarial Society. He warned, however, that such a code will have to be a practical one, free from the abstractions which idealists have been advancing in various periods of our history. Like the constitution of England, casualty insurance is operating now under an unwritten law, which, if codified, would include certain fundamental principles such as equity in ratemaking, justice to claimants and fairness in dealing with competitors, he said.

"The peculiar dual system of the English law, where courts of equity existed to modify the rigor of the common law bears a close analogy to our own rating system, where merit rating plans have been introduced to modify the tyranny of the average rate," said Mr. Senior. "The merit rating plan provides a remedy to the perplexed policyholder or to the discontented insurance carrier where the manual, because of the rigor of statistical data, has created an average rate which is not suitable to the risk or to either party of the contract.

Average Rate a First Step

"For a large group of policyholders the average rate merely serves as the first step in the classification of the risk and as the starting point from which the underwriter may determine the final premium to be derived upon final audit. If we are able to devise a system for adjusting the rate for each risk to represent with approximate accuracy the quality of the risk and to reproduce the total premium on basis of the average rate, then we are on the road to a plan which is in complete accord with the principle of equity."

The actuarial profession is responsible for the scientific foundation and character of insurance, said Mr. Senior but added that there should be no conflict between science and ethics.

Must Weigh Ethical Values

"But there are occasions when you are called upon to weigh ethical values when creating necessary formulae for the application of statistical facts to a given problem and then you are free to exercise judgment in determining methods," he said. "Good judgment is that rare quality of mind which may be described as wisdom . . . that a large measure of judgment is essential to apply in a spirit of equity, which regards substance and not form, may be illustrated by the following examples:

"The present method in New York provides for establishing the rate level on the latest available policy year. Judgment enters into this decision based on the fact that in a state with such a large volume of experience, a single year rather than two or three years would be sufficient.

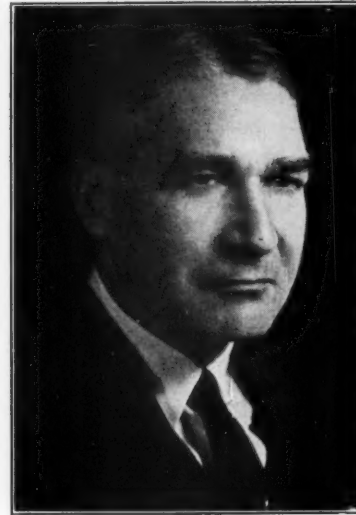
"The use of loss ratio development factors, based on two consecutive policy years for each stage in the development of the latest year to an ultimate point, rests on judgment which may need to

Speakers at Bowles Dinner



H. V. SMITH

Two of the chief speakers at the testimonial dinner to be given Insurance Commissioner George A. Bowles of Virginia at Richmond Friday of this week are Superintendent L. H. Pink of New York and President H. V. Smith of the



LOUIS H. PINK

Home of New York. Mr. Bowles is president of the National Association of Insurance Commissioners and will preside at the forthcoming annual meeting at Quebec. Under a recent law the prestige of his department was enhanced.

be modified when special circumstances force a change in policy as regards reserve requirements.

"In determining pure premium relativity, the selection of the number of serious and non-serious cases used as a criterion for full state credibility is the result of judgment, and so are the provisions for partial credibility.

"In experience rating, judgment enters into the structure of the rating formula and the degree of credibility to be allowed, as well as in the classification of payrolls and losses.

"The rule that experience rating operates in personam and not in rem, as I have described in a paper published in the proceeding, corresponds to a like principle in equity and requires a judicial quality of mind for application to a given set of facts.

Safe-Driver Plans

"Current discussions on the 'safe-driver plan' illustrates the extraordinary quality of judgment essential in building an equitable merit rating plan for private motor cars.

"All of the points recited above could never be reduced to purely mechanical steps, for the entire statistical system is only good to the extent that the faculty of judgment enters into the process of its making. In the development of basic rates, as well as merit rating plans, it is imperative that judgment in the spirit of equity shall be exercised by the men in your profession in order that the results may be of practical value."

Pacific Southwest "Hi Jinks"

LOS ANGELES—The annual "hi jinks" of the Casualty & Surety Field Men's Association of the Pacific Southwest will be held at the Protero Country Club May 27. The program will include golf in the afternoon and a dinner, followed by an entertainment program.

The next meeting will be held June 17, because of the conventions in Los Angeles the week of June 10, the regular meeting date. J. B. McLendon, special agent Globe Indemnity, will speak on "Stock Company Insurance." His previous paper on "Reciprocal Insurance" was especially well received.

A. G. Sweet, general manager of the *Guardian Assurance* of London, has arrived in Montreal on the "Duchess of Atholl."

Gaedke Wisconsin Chairman

Year's Results Reviewed at Compensation Rating Bureau's Annual Meeting

MILWAUKEE.—At the annual meeting of the governing committee of the Wisconsin Compensation Rating & Inspection Bureau, Otto Gaedke, Maryland Casualty, succeeded W. H. Burhop, Employers Mutual Liability, as chairman. Committee vacancies due to annual terminations were filled by elections of the Employers Mutual Liability and Hartford Accident to the governing committee, and the Aetna Casualty and Liberty Mutual to the rating committee.

In his annual report, G. F. Haydon, general manager of the Bureau, enumerated the most important events of that period as the attempt to pass a monopolistic state fund bill; the continued uncertainty regarding the outcome of the Motor Castings case; the decision on the part of the Commissioner Mortensen to cooperate with the carriers in the determination of a permanent rate-making program and the appointment of a committee therefor, the unsuccessful attempt to adopt the retrospective rating plan, and the business recession.

Rejected Risk Plan

Institution of a permanent rate-making program in Wisconsin is expected to remove delays and difficulties that resulted in the past several years. The attempt to introduce the retrospective rating plan, after dragging along for a lengthy period, was finally frustrated by action of the commissioner, who refused to extend approval.

The rejected risk plan seemingly continues to give satisfactory results. During the year coverage was extended to 319 new risks. The total number of risks placed in the "pool" from inception of the plan to Dec. 31, 1937, was 1,743. Approximately 525 are no longer covered, making a net of 1,200 risks covered at the present time, or 4 percent of the total risks insured, representing approximately 3.3 percent of the premium, the average premium per risk being about \$200.

Rate revision the past year resulted in an average decrease of 10 per cent in rate level over all classifications, in accordance with the suggestion of the

commissioner who refused to approve a net reduction of 3.3 percent and a later substitute calling for an over-all reduction of 8.5 percent.

Champions Safe Driver Plan at Alabama Agents' Meeting

The safe driver reward plan was explained and championed by W. G. DeMouy, superintendent casualty department of Fidelity & Casualty in Atlanta, in his address before the convention of the Alabama Association of Insurance Agents. The plan, he said, offers a better sales appeal to those now uninsured, a better hold by the agent on his expirations, an increase in property damage premiums. He expressed belief that the reward will have the psychological effect of causing motorists to drive more thoughtfully.

The safe driver plan, he said, is the answer to those careful drivers who have complained of being placed on the same footing with the less careful or less expert drivers.

Mr. DeMouy implored agents to direct their energy toward converting the uninsured. He expressed the belief that there are at least two insurable vehicles that are not now insured, for every vehicle that is presently insured.

He said he recognizes that in Alabama the agents are handicapped by high rates. Some of the blame, he said, must be placed on the peculiarity of Alabama laws. For example, in Alabama a husband may sue the wife or vice versa. A defendant must pay part of the court costs, even in a suit where he is a winner. If the plaintiff is unable to pay all of the cost, the defendant can be compelled to pay the cost that he incurred. The court has no discretion to set aside a judgment, no matter how exorbitant.

The public, he said, must be made to understand that the accident record of the state and the laws determine the insurance rates. The companies don't want high rates because they drive from the books many desirable assured.

Neblett Meets Setback

LOS ANGELES—W. H. Neblett's efforts to embarrass Pacific Mutual Life met with a setback when his appeal to the United States Circuit Court of Appeals was thrown out within a week of the date when the case was argued. The court affirmed the decision of Federal Judge Roche denying federal jurisdiction in the case.

Mrs. Fannie R. Hutchins, a stockholder of the old Pacific Mutual, was the nominal appellant. She is also the appellant in the review of the California supreme court decision recently granted by the United States Supreme Court.

Following this action by the federal appellate court the California supreme court vacated an order it had made March 3, directing that Neblett and three others present their cases before June 30.

The special assistants to the attorney general have filed with Federal Judge Ling, at Phoenix, Ariz., the bill of particulars asked for by the 13 former officials of the old company who stand indicted on mail fraud charges and who must face trial Sept. 6.

Attorney H. S. Dottenheim, one of the counsel for non-cancellable policyholders who opposed the reorganization plan, has taken another step in his efforts to collect a fee of \$100,000 for his services, from the insurance commissioner by filing a notice of a motion to appeal the decision of Superior Judge Vickers, who denied him his fee.

Surety Association Meeting

NEW YORK—The fidelity committee of the Surety Association of America began May 24 what may prove a three days conference, in view of the length of the agenda. Particular consideration will be given certain bond provisions, about which company officials have asked an opinion.

WISCONSIN AGENTS

INLAND BONDING COMPANY
SURETY BONDS
 GENERAL OFFICES - CITIZENS BANK BLDG.
 SOUTH BEND, INDIANA

May 24, 1938

TO WISCONSIN AGENTS:

Wisconsin Tavernkeepers' Bonds were written very freely by surety companies until some suits were filed by the proper authorities, to determine liability under the bond. Thereupon, several companies discontinued writing these bonds, and certain agents were faced with a problem to place the bonds of their tavernkeeper clients.

On May 6th, 1938, this company notified its agents of its decision to continue writing these bonds for licensees who ran an orderly and law-abiding establishment.

Regardless of the liability under the bond we believe that tavernkeepers should obey the law and this company, since the repeal of the Prohibition Amendment, has endeavored to confine its writings to law-abiding tavernkeepers.

On May 17th, 1938, the Supreme Court of Wisconsin determined the liability on these bonds in such manner, that some surety companies, previously refusing, have now announced intention to again write these bonds. And in certain instances have offered agents an excessive commission rate in an attempt to attract this business.

As a matter of fairness, don't you think that the agents in Wisconsin ought to give their liquor bond business to those companies who were willing to serve them before the Supreme Court decision was handed down?

Yours very truly,

INLAND BONDING COMPANY

BY: *G. A. Coates*
 Secretary

EAC:VK

INLAND BONDING COMPANY
SURETY BONDS
 SOUTH BEND, INDIANA

ACCIDENT AND HEALTH

First Prize to Chicagoan

Winners in Accident & Health Week Window Display Contest Are Announced

Winners in the window display contest conducted during Accident & Health Insurance Week have been selected by a committee of advertising experts.

First prize of \$100 went to A. J. Glickson, general agent Great Northern Life, who had a display in one of the Hartman drug stores of Chicago. Second prize was won by J. W. Willard, district director Washington National, Iowa City, Ia., and third to Trotter, Boyd & Keese, general agents Provident Life & Accident, Chattanooga, Tenn.

Honorable mention was given to seven other agents: R. L. Woodard, Washington National, Washington, D. C.; T. M. Watt, Loyal Protective Life, Victoria, B. C.; George E. Fisher & Co., U. S. F. & G., Brockton, Mass.; Eddie LeCaptain, Business Men's Assurance, Columbus, O.; George Chenworth, Washington National, Baltimore; G. B. Seibert, Washington National, Detroit and Steve Marvin, Loyal Protective Life, Lancaster, Cal.

The judges were A. E. Tatham, president Chicago Federated Advertising Club and advertising manager Bauer & Black; George D. Crain, Jr., publisher "Advertising Age," and C. C. Younggreen, vice-president Reinecke-Ellis-Younggreen & Finn. They based their decisions on the originality of the display, its attractiveness to the passer-by, and its advertising value to the agent sponsoring the display.

Chicago Claim Group to See Movies on Malingering

An interesting series of five movies showing back cases, liability, workmen's compensation and examples of malingering, collected by the Pinkerton National Detective Agency from all parts of the country, will be shown at a special meeting of the Chicago Claim Association June 1 in the Triangle restaurant, 57 West Randolph street, Chicago. The showing was arranged by R. G. Hayes, superintendent Allan Commercial Service of Chicago, an affiliate of Pinkerton. Corwin Querrey, formerly chief counsel Motor Vehicle Casualty and Chicago attorney, will explain the cases and tell the court outcome. This will be the final monthly meeting of the association before summer adjournment.

Forker Los Angeles Speaker

The Los Angeles Accident & Health Managers Club at its monthly May meeting heard Floyd W. Forker, manager of sales promotion Pacific Mutual Life, discuss "Effective Sales Promotion Ideas." The meeting was then turned into a question and answer session, where Mr. Forker elaborated on his remarks, in response to inquiries from members.

The legislative committee reported on some phases of the insurance code, saying that the situation was a complicated one because of the ambiguity of the law, but promised a final and definite report at the next meeting.

New Income Guaranty Policy

The Ideal accident policy, issued by Income Guaranty of South Bend, Ind., has been replaced by the Brown Seal policy. This contract is a non-cancellable term policy with total disability indemnity for 12 months. Partial disability is two-fifths monthly indemnity for three months. The policy also provides payment of one-fourth monthly indemnity for surgeon's fee for non-disabling injuries, covers injuries as resulting from travel accident and has the elective in-

demnity provision for scheduled fractures, amputations, and dislocations.

A feature of the policy is the identification allowed for placing insured in the care of relatives or friends. The amount of this benefit is \$500. The policy also contains waiver of premium provision after three months of total accident disability and may be purchased with indemnity for loss of life by accident. Premiums for men, 50 to 59, when policy has loss of life benefit of \$1,000 and \$100 monthly indemnity range from \$22.00 in class AA to \$44.00 in class E. For ages 60 to 64, 25 percent is added to these premiums. Rates for women, 18 to 54, range from \$27.00 to \$52.00 with similar 25 percent increase in premiums for ages 55 to 59.

New South Carolina Company

The Security Indemnity, Masonic building, Columbia, S. C., organized recently to write hospital expense insurance, expects to add other accident and health lines later. John W. Lillard is president and treasurer; R. S. Lillard, vice-president, and Ralph W. Lillard, secretary.

Dinner for Coleman Agency

SAN ANTONIO, TEX.—James E. Powell, vice-president Provident Life & Accident, was host to the Coleman & Co. agency, including the office force, at a dinner awarded to the agency for having won a production contest with the Cincinnati agency in February. Mr. Powell presented a silver loving cup to F. M. Coleman. About 40 were present.

B. M. A. Has Running Mate

The National Security Life, affiliated with the Business Men's Assurance and with practically the same officers, but operated with a separate agency organization, has been licensed in Missouri to write group insurance on families. It takes over the charter of the Trans-Mississippi Life, a small company which the Business Men's Assurance took over last year.

It is chartered to write accident and health business on the monthly basis, as well as life, and expects to become active in that field within 60 days. The original charter of the Trans-Mississippi

covered accident and health but it did not write any of that type of business.

London Lloyds Accident Forms

The attorney for London Lloyds in Illinois has notified its correspondents not to write any further personal accident business on three special forms until the policies, provisions and rates have been approved by the Illinois department. London Lloyds has been specializing on old age accident policies with much success. There are but few companies that write old age accident insurance.

Holds Minor Can't Give Note

LINCOLN, NEB.—Insurance Director Smrha has notified all life and accident companies operating in the state that until the state supreme court passes on the question, a note or other obligation taken for a premium from a minor over the age of 10 years should also be signed by the parent, guardian or person liable for such minor's support.

At the last session of the legislature, insurance interests secured the passage of a law providing that a minor 10 years or over should not, by reason of such minority, be incompetent to contract for or with respect to insurance on life, bodily injury, accidental death or sickness disability. Whether this gives a minor authority to execute negotiable paper is the question.

Columbus, O., Association Meets

Francis L. Merritt, superintendent of agencies Monarch Life, addressed the Columbus, O., Health and Accident Association at its May meeting. The association will hold its annual outing at the Brookside Country Club June 24. The Cleveland and Cincinnati associations have been asked to join in a golf tournament. C. A. Scholl is president of the association and O. K. Johnson, secretary.

Go in for Friday 13th Apps

Two Aetna Life agents in Laurel, Miss., on Friday, May 13, "Hoodoo Day," wrote 16 applications for accident insurance, signed by applicants who were born on the 13th. C. L. O'Quinn and A. D. Peden submitted 23 other accident applications. Mr. O'Quinn secured more than 13 applications the 13th, signing his last application for the day in the presence of his black cat, whose name is Thirteen, at the intersection of 13th street and 13th avenue in Lake

Park cemetery at 13 minutes before midnight.

New Accident Sales Helps

The Standard Accident has mailed a portfolio of business building suggestions on accident insurance to its agents. Included are sales letters, newspaper advertising copy suggestions, up-to-the-minute advertising folders, blotters, handy coverage guides and comparison charts.

Bankers H. & A. Agents Meet

COLUMBUS, GA.—A luncheon was held by agents of the Bankers Health & Life here, C. E. Mixon, manager, president.

J. E. Neblett, Jr., Little Rock, has joined the southeast division claims staff of the Aetna Casualty at Atlanta. He recently completed a ten weeks' course at the home office. He formerly was with the Penn Mutual Life in Little Rock.

CHANGES

E. E. Dantonet Going with Starkweather & Shepley

E. E. Dantonet, special representative of the National Surety branch service office, in Chicago, since it was opened in 1934, has resigned and June 1 will go with Starkweather & Shepley, of Chicago, specializing in fidelity and surety production and assisting in other lines. Starkweather & Shepley has represented the National Surety for some time. It is one of the outstanding offices in Chicago, being directed by L. D. Stitt, secretary. Mr. Dantonet has had about 17 years' insurance experience. He is a native of New Orleans, educated in high school and Tulane University, having had other experience in the pine lumber business. His father, E. J. Dantonet, was an official of the Louisiana Red Cypress Company.

E. E. Dantonet went with the National Surety at New Orleans in the forgery department and for a number of years traveled in the southern and eastern states as special agent of that department. He moved to Chicago in 1924 as special agent of the forgery department and in production work. When the National Surety's branch service office was opened there under Manager B. J. Nietschmann, Mr. Dantonet joined the staff, handling production of all lines through brokers and agents. Throughout his insurance experience he has been connected more or less directly with the National Surety.

Fred Pier Becomes Resident Secretary at Los Angeles

Frederick Pier has been appointed resident secretary of the Lumbermens Mutual Casualty and its associate company, the American Motorists at Los Angeles. He will remain in charge of the southern California branch. Mr. Pier began his insurance career with the Royal group in New York. While general superintendent of claims, he handled the company's losses at the San Francisco conflagration in 1906, proceeding from San Francisco to London where he remained for two years disposing of claims which he had taken care of while at the scene of disaster.

In 1920 he was appointed Los Angeles manager for the Federal Mutual Liability of Boston. In 1928 when the Lumbermens Mutual Casualty purchased that company, he was made manager in the same territory.

Excess Opens in Chicago

Frank Mahony, who was sent to Chicago to open an office there for the Excess, has taken quarters in 412 Insurance Exchange. Mr. Mahony has been with the Excess in its New York head office about a year. Previously for 12

On Accident and Health Program



E. H. O'CONNOR



PAUL H. ROGERS

At the accident and health insurance luncheon sales congress Friday afternoon of this week at the celebration of "Pennsylvania Insurance Days" under the auspices of the Pennsylvania Insurance Federation at Philadelphia, E. H.

O'Connor of New York City, assistant secretary of the United States Casualty, and Paul H. Rogers, superintendent of the accident and health department of the Aetna Life, are two of the chief speakers.



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years he was connected with the Continental Casualty, principally in Connecticut, and before that was with Globe Indemnity for five years in New York and New Jersey. He is a native of Chicago. The Excess has facilities for handling excess contracts for self-insurers and excess over primary liability.

W. G. Keating to Philadelphia

W. G. Keating is being transferred by American Surety and New York Casualty from Scranton, Pa., as manager, to Philadelphia, as associate manager. The new Scranton manager will be Paul J. MacDonough, now assistant manager. Mr. Keating has been manager at Scranton since 1927. Mr. MacDonough joined American Surety in Scranton the same year as special agent and was made assistant manager in 1936.

Lawlor with American Casualty

Ray L. Lawlor, who was manager of the Chicago service office of Commercial Standard for about 2½ years, has joined American Casualty in Chicago in the claim department. He was connected with the Travelers about three years in claim work and with Lumbermen's Mutual Casualty about seven years in claims and production activity.

Harlan Resident Vice-president

James E. Harlan, heretofore manager, has now been made resident vice-president in Pittsburgh for Fidelity & Deposit. Paul F. Trimbur becomes the manager, L. D. Merrell, is associate manager and Richard Tinder is field supervisor. The Pittsburgh branch has been moved to the Grant building.

Eakin Returning to Chicago

William A. Eakin, formerly a special agent for the Employers Liability in Chicago before going to Boston in 1936 to assume directorship of the Employers

Home Office School, is returning to Chicago as personnel and office manager of the Chicago branch office, under Resident Manager P. C. Lewis. Mr. Eakin has had charge of three school groups at the home office, two last year and a third class which has just completed its instruction.

Eichenbaum Is New President

Jules G. Eichenbaum has been elected president of Highway Mutual Casualty of Chicago. He has been an insurance broker, located at 134 North La Salle street, about seven years.

Wilkins Heads New Office

L. E. Wilkins, insurance accountant, has joined Joseph Froggatt & Co., New York, as resident manager of its recently opened St. Louis office.

Form Aetna "Graduate Clubs"

A number of graduate clubs are now in formation as a part of the follow-up program of the Aetna Casualty school, the two latest in Newark and Philadelphia. Graduates of the course who have qualified for the graduate award of a watch charm are eligible for membership. The award is conferred for the writing of a specified amount of business within six months after graduation, which business must be divided among at least ten casualty lines.

The clubs have solely an educational purpose. Leading agents and company officers present sales methods and other topics of interest. F. C. Potter, instructor in the course, spoke at the meeting of the Albany club last week.

Michigan Safety Week

Michigan Safety Week is being observed this week, with some communities staging special safety-promotion programs. Governor Murphy issued a proclamation asking general observance by all residents.

FIDELITY AND SURETY NEWS

Liability Not Cumulative

Appellate Court Reduces American Surety's Loss in Indiana Case to \$50,000 from \$120,000

The United States circuit court of appeals for the 7th (Indiana) circuit has reduced the liability of American Surety under two banker's blanket bonds to \$50,000 and interest from \$120,917 and interest which was the amount of judgment entered in the district court. The case was Hack vs. American Surety. The higher court held that the bonds were not cumulative. There was a primary bond in the amount of \$25,000 and an excess bond in the same amount. They were issued October, 1922, and renewed until October, 1926. The bank was closed in October, 1930.

The failure of American Surety, according to the higher court, to so unquestionably and specifically limit its liability as to remove all doubt supplies a strong urge to hold it liable for the larger sum. However, the court stated it was unable to "hurdle or circle" a clause that "in no event shall the aggregate liability of the surety for any one or more defaults of the principal during any one or more years of the suretyship under the bond herein and above referred to, as extended by this or any extension thereof, exceed the amount specifically set forth in said bond." This language, the court said, indicates an intent by the parties to limit the surety's liability to \$25,000 on each bond. The word "aggregate" cannot be ignored. The statute requiring the bank to give bond did not pretend to fix the amount of the bond. That was left to the discretion of the directors.

The officers defaulted to the extent of \$50,000 in the third year, although this was not known to either party. There

was no possible liability to be enforced during the fourth year, because the maximum liability was reached in the third year, the court said. Hence, the court directed that American Surety return the premiums received for the fourth year. Interest in the amount of 6 percent must run on the first \$25,000 from October, 1924, and on the second \$25,000 from October, 1925, according to the court. Interest at the same rate on the recoverable premium for the fourth year must run from October, 1925.

Wisconsin Decision Final

St. Paul-Mercury Indemnity Lawyer Comments on Favorable Outcome of Tavern Bond Litigation

St. PAUL—Net result of the Wisconsin supreme court decision on tavern bonds is to relieve tavern sureties of all liability under their bonds.

This is the opinion of attorneys for Saint Paul-Mercury Indemnity, who have studied the decision in the test case in which Saint Paul-Mercury was defendant. The court held that the tavern bonds were bonds of indemnity only and that the sureties were liable only for the amount of any penalties assessed against tavern keepers for infractions of law. As all these penalties were small sums, usually \$5 or less and all were paid, the sureties are relieved of any further liability in the opinion of W. H. Oppenheimer, who handled the case for Saint Paul-Mercury.

Can Be No Appeal

There can be no appeal by the state insofar as the Saint Paul-Mercury case is concerned, Mr. Oppenheimer said, and as hundreds of similar cases affecting both Saint Paul-Mercury and other companies were held up pending out-

come of the test case, it is not believed Wisconsin will push the matter further. It had been agreed by all concerned that the decision in the St. Paul case would for all practical purposes determine hundreds of pending cases as well as hundreds of contemplated actions, Mr. Oppenheimer said.

In commenting on the decision, Mr. Oppenheimer said:

"The state relied upon the cases of State vs. Helmann, decided in 1915, and Thomas vs. Kind, decided in 1935, holding that on any breach of the conditions of a tavern keeper's bond the entire penal sum was payable to the state as liquidated damages even though the tavern keeper had paid any fine imposed upon him and even though his license had not been revoked.

"In a lengthy opinion the court reviews the historical legislative background of existing statutes going back to 1839 and from a careful consideration of previous statutes and decisions of the court back to 1846 arrives at the conclusion that the case of State vs. Helmann and Thomas vs. Kind were incorrectly decided and reverses the conclusion arrived at therein.

"The court rules that to hold tavern keepers' bonds to be other than bonds of indemnity would read into the bond and statute something not expressly there and would bring about absurd and unreasonable results. In conclusion the court held bonds of tavern keepers to be bonds of indemnity and adopted the common law practice of permitting the state upon breach of a condition thereof to sue and recover judgment for the entire penal sum, execution, however, to issue thereunder only to satisfy judgments for fines, penalties and forfeitures provided by the laws regulating the sale of intoxicating liquor.

"As practically all fines and penalties assessed against tavern keepers have been paid the net result is to relieve the tavern keepers and their sureties from all liability under the bonds."

WOULD ELIMINATE BONDS

MILWAUKEE—Acting in pursuance of the decision that tavern bonds are not forfeit in full in event of law violations, the common council license committee has moved to eliminate the requirement.

The license committee took the position that the surety bond under these circumstances is next to worthless and is an unnecessary expense to the tavern keeper. The suggestion was made that the city permit tavern keepers to sign their own bonds and save \$16 to \$20 a year in bond premiums.

Surety Losses in N. J. Much Heavier for 1937

NEWARK—The 51 companies writing surety business in New Jersey in 1937 showed total premiums received \$1,262,879 and paid losses \$1,423,439. In 1936 premiums were \$1,332,949 and losses \$303,678. Leaders were:

	Premiums	Losses
Aetna Casualty	\$ 76,354	\$ 98,778
American Surety	100,558	128,751
Fidelity & Casualty	39,790	95,901
Hartford Accident	78,480	44,512
Globe Indemnity	46,190	84,036
Mass. Bonding	19,141	76,217
U. S. F. & G.	100,300	99,248

The bad surety experience in New Jersey in 1937 was decidedly contrary to the nationwide results. The national loss ratio was only 28.1 last year. There were several bad surety losses in New Jersey, one in particular that concerned a railroad case, was extremely high.

Martin Lewis' Itinerary for the Next Few Days

NEW YORK—Martin W. Lewis, president Towner Rating Bureau, will do some tall traveling during the next few days. Following attendance at National Board dinner May 26, he will leave for Richmond, Va., to be present at the dinner tendered by the Virginia

Association of Insurance Agents to Commissioner G. A. Bowles; going thence to Minneapolis for a conference with the surety agents of that city and St. Paul on the afternoon of the 31st, followed by a gathering of the Surety Agents Association in the evening. At the conclusion he will return direct to New York for a gathering of surety company executives. His further itinerary has not yet been arranged.

Broaden Massachusetts Law

BOSTON—Governor Hurley has signed a bill bringing the bankers' blanket bonds statute more in accord with the New York law, which was broadened last year.

The new coverage authorized under bankers' blanket bonds includes coverage of drafts and acceptances of drafts, warehouse receipts, bills of lading; precious metals, jewelry, etc., against loss from damage other than fire, and damage to furnishings, fixtures, vaults, etc., caused by burglary, robbery, hold-up, theft or larceny, or attempt at these crimes.

New Action in Scruggs Case

The Oklahoma City Board of Education has filed a cross-petition in connection with the litigation arising out of the Roy M. Scruggs case, asking judgment of \$150,000 against National Surety and \$50,000 each against Hartford Accident and Standard Accident. Scruggs is now serving a sentence in the reformatory. He defaulted as treasurer of the school board and as vice-president of the First National Bank & Trust Company.

The three sureties filed an original action seeking to have the entire liability for the \$750,000 shortage placed against the bank and an injunction was sought restraining further litigation.

COMPENSATION

Set Up "Insolvent Fund" Under New Minnesota Law

MINNEAPOLIS—To be prepared to take care of insolvency awards under the new Minnesota law, the Minnesota Compensation Rating Bureau has transferred \$2,500 to its insolvent fund account and has named a sub-committee of three to draw up a set of rules for handling such cases. The new law provides that other companies must take care of any unpaid compensation awards of an insolvent company.

Manager J. F. Reynolds of the bureau says already two certificates of unpaid awards have been filed. Pending the adoption of rules to govern such cases, the sub-committee just named was given authority to pay such unpaid awards as are certified by the industrial commission.

Relief Worker Held to Be Entitled to Award

MADISON, WIS.—In a decision involving workmen's compensation and of interest to all counties in Wisconsin, the state supreme court held a person injured while doing relief work required by a county of its able-bodied relief applicants, is entitled to workmen's compensation benefits. Lincoln county and its compensation carrier were ordered to pay Arthur Nelson, Merrill, a lump sum of \$50.63 and weekly payment of \$9.80 as long as he remains totally disabled.

Lincoln county had appealed from an award by the Wisconsin industrial commission. Nelson was required to work for relief, being given a job cutting wood and paid \$12 for 30 hours' work. He was injured when a county truck in which he was returning from work overturned. The county held Nelson was a relief client, but the court held him an employe receiving wages which he could



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One of our agents asked 35 typical home owners — home owners like and your neighbors — if he could analyze their insurance policies. And he found, in the insurance coverages for these 35 homes, 157 mistakes — wasteful and dangerous errors such as improper coverages, unsigned policies, incorrect identifications, and unnecessary costs.

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The advertisement reproduced at the left is from our national campaign — a campaign to 1,500,000 home-owners, the life-blood and buying power of the nation — telling them that the logical and best person to buy insurance from is the local, independent agent or broker.



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Our monthly house-organ — "The Employers' Pioneer" — is crammed with interesting articles on new progressive ways to sell insurance. Write to the Publicity Department for the current issue. It's free.

use as he saw fit and was therefore entitled to workmen's compensation benefits for injury sustained.

Insurance companies writing workmen's compensation on county employes will now be compelled to cover such additional persons receiving relief as are subject to the interpretation given by the high court. The issue has been one of concern to companies and county officials because of the hazard, inadequate experience and other factors entering into the cost of such protection.

Not So Many Assigned Cases

In Illinois, following the passage of the occupational disease act, companies find that there are less assigned risks than anticipated. Underwriters were very jittery for the time being and perhaps got too panicky. At any rate it is found that outside of the silica dust risks most of them were able to be taken care of direct by companies.

Will Reduce Vermont Rates

MONTPELIER, VT.—Commissioner Hemenway announces that workmen's compensation rates in Vermont will be reduced an average of 8.4 percent effective June 1. Since Jan. 1, 1937, the state has had two reductions and one in-

NEWS OF CASUALTY COMPANIES

Report on Two Reciprocals

Illinois Department Gives Its Findings on Union Automobile Indemnity and Prairie State Farmers

The Illinois department has released its report of examination of the Union Automobile Indemnity of Bloomington, Ill., as of Oct. 31. This is a reciprocal institution. The report says the association is in excellent financial condition, the ratio of assets to liabilities being 2.28 to 1. The association, it says, is efficiently managed. The assets are \$762,-

748, premium reserve \$185,469, liabilities \$323,530, surplus \$429,218. The Union Insurance Exchange is the attorney-in-fact. The Union Indemnity is licensed in Illinois, Indiana, Iowa and Missouri. J. F. Shepard is president of the attorney-in-fact; S. H. Shepard, vice-president, and L. F. Shepard, secretary and general manager.

It issues three policy contracts. The first is a policy issued for a one year term with an annual premium payable in advance. Second, a policy is issued for one year on a deferred premium plan, an endorsement being attached providing for the payment of an annual premium in one, two, three or four installments, all of which must be paid within 90 days. Third, a policy is issued for three years with the premium payable each six months. All policies are non-assessable. Conference rates are charged for all coverages except collision, property damage and public liability which are written at a 15 to 20 percent deviation.

The exchange employs a merit rating system allowing a discount of 10 per-

cent to new applicants that have not had a loss two years prior to the date of application. A 10 percent discount is also allowed in renewals where no accident was incurred during the term of the expiring policy. It has 280 agents and pays 30 percent commission. Its total income for the first 10 months was \$347,770, disbursements \$269,719. Its premiums during that period were \$331,131 and the losses \$93,143. The percentage of losses incurred to premiums earned was 49.6 percent, adjustment expense 6 percent, underwriting expense 52 percent.

Prairie State Farmers Report

The Illinois department has released its report on the examination of the Prairie State Farmers of Bloomington, Ill., a reciprocal, a running mate of the Union Automobile Indemnity. The examination is as of Oct. 31. The assets are \$94,815, guarantee fund \$31,500, premium reserve \$10,112, net surplus \$43,436. The department says that the exchange is in sound financial condition, having surplus equal to about 79 percent of the assets. It was organized June 1, 1925. The Farmers Deposit Co. is attorney-in-fact. It writes only in Illinois. L. F. Shepard is president of the Farmers Deposit Co., Guy L. Palmer, vice-president, and S. H. Shepard, secretary-treasurer. It issues a non-assessable contract. Fire and theft coverages are written at manual. Public liability, property damage and collision are written at a 20 percent deviation. The excess liability is reinsured by the Union Automobile Indemnity of Bloomington. The income up to Nov. 1 was \$19,930 and the total disbursements \$12,147. The percentage of losses incurred to premiums earned was 70.7 percent. The loss adjustment expense was 1.2 percent and underwriting expense 51.8 percent.

Bankers Indemnity Reports Good First Quarter Results

President H. P. Jackson of the Bankers Indemnity at the quarterly meeting of directors reported a continued trend of favorable operating results and underwriting. Premiums written for the three months, \$1,480,090, exceeded 1937 by \$138,000 while the incurred loss ratio of 37 percent was 8 percent less. Ledger assets increased from \$7,197,594 to \$7,408,140. Total income exceeded total disbursements by \$268,395.

Unearned premiums are \$1,854,887, with loss reserves \$2,394,174, on a statutory basis, which for the first quarter developed an underwriting gain of \$55,838 and an operating profit of \$107,745.

Report of Western Companies

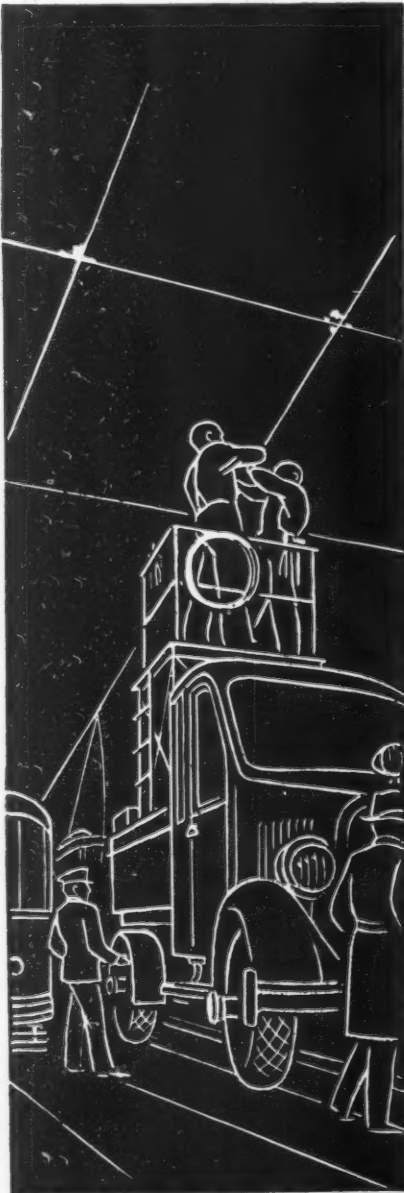
Net profit of \$36,050 for the first four months is reported by Western Insurance Securities, holding company for Western Fire and Western Casualty of Fort Scott, Kan. This compares with \$79,710 a year ago. Underwriting profit was \$16,230, compared with \$50,560 a year ago; investment earnings, \$19,820, against \$29,150. Premiums written were \$1,481,712, compared with \$1,479,880. Earned premiums totaled \$1,480,000, compared with \$1,368,000. Losses also increased, from \$794,400 to \$908,000. Expenses were \$553,770, compared with \$523,040.

Pacific Indemnity's Statement

Earnings of Pacific Indemnity from underwriting and investments totaled \$240,953 for the first quarter, as against \$206,648 for 1937.

Net premiums written were \$1,233,994, against \$1,117,396. The admitted assets March 31 were \$9,764,063, and capital, surplus and voluntary contingent reserve \$3,914,955, after adjusting all security values to actual market valuations.

The Manufacturers & Wholesalers Indemnity Exchange of Denver has been licensed in Washington.



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CASUALTY PERSONALS

Stanley F. Withe, publicity manager Aetna Casualty, has just returned from a Pacific Coast trip. He visited San Francisco in connection with the arrangements for publicity at the exposition there next year and was also in Los Angeles, looking after the production of some new safety and educational pictures, now being "shot" by one of the big studios there. It is expected the safety pictures will be ready for release in about six weeks, but the educational pictures have not progressed far enough to indicate a definite date for their release.

E. A. Giddings, assistant secretary of the Aetna Life and Aetna Casualty, has completed 35 years of service with those companies. He was presented a leather chair by associates in the office and a basket of flowers by the Rumlbers Bowling Club, of which he is a member. After graduating from the Hartford public schools in 1895, Mr. Giddings entered the employ of the Connecticut Mutual Life in its actuarial department. May 13, 1903, he joined the Aetna's accident accounting department and in 1911 was transferred to the cashiers division. He is now in charge of the general accounts division for life, casualty, fire and marine lines.

A large turn out is expected at the annual golf tournament of the **Casualty & Surety Club** of New York City, to be held at the Green Meadow Country Club, Harrison, N. Y., June 23.

Wendall C. Heaton, chairman of the Florida industrial commission, Tallahassee, Fla., and president of the Florida Federation of Labor, is named a member of the state ten man committee to act as a liaison group between Florida business and President Roosevelt.

Home office officials of the **Preferred Accident** were in Boston to assist branch office in observing its 35th anniversary. The office has been moved into new and more spacious quarters at 10 Postoffice Square. A luncheon was served to nearly 1,000 guests. **William E. Davenport & Son**, which has had quarters with the branch for many years, have also gone into new quarters on the ground floor connected with the Preferred Accident office. Among home office officials present were Vice-President Percy Goodale, who was formerly manager of the branch now managed by his son, Robert; W. C. Potter, chairman of the board; George Osmer, underwriter, and Richard Kennedy, superintendent of the surety department.

Neil Greene, Oakland, Cal., district manager of the National Automobile Club, is serving as a member of the traffic committee of the Pacific International Air Races which are being held at Oakland Airport, May 28-30.

May 20 marked the 20th anniversary of **Claude E. Trinder's** connection with the Royal Indemnity, of which he is a vice-president and director. In recognition of the occasion a party was arranged in his honor by President F. J. O'Neill, the affair being attended by Harold Warner, United States manager of the Royal-Liverpool group, together with Mr. Trinder's official associates of the Royal Indemnity and Eagle Indemnity. Mr. O'Neill presented him with a silver tray and a testimonial signed by all who

had been associated with him during his two decades with the organization.

A native of Manlius, N. Y., Mr. Trinder studied law at the Syracuse University Law School, and was admitted to the bar in 1908. Ten years later, attracted by the insurance field, he joined the head office staff of the Royal Indemnity, subsequently becoming superintendent of the bonding claims department, advancing in turn to the second vice-presidency and again to the vice-presidency of both the Royal Indemnity and the Eagle Indemnity.

E. C. Knapp, agency supervisor at the head office of Aetna Casualty, is on a middle western visit. He stopped at Detroit, Chicago and St. Louis, among other places.

Joseph J. McGee of Thomas McGee & Sons has been elected secretary of the Kansas City Safety Council.

Louis Antoine, manager of the St. Louis office of the American Automobile, was honored on the 20th anniversary of his joining the company. About

200 agents and brokers were the guests of the company at a dinner. Many of them participated in a special golf tournament in the afternoon.

Mr. Antoine started with the company as an office boy in the accounting department. He became assistant manager of the St. Louis branch several years ago and in November, 1934, following the death of Gene Mauntel, he was made manager. He is keeper of the catnip of the St. Louis court of Cats Meow.

George Tramel, Chicago manager of Aetna Casualty, has returned to his home after being confined to a hospital for a few days with influenza. He intends to leave the latter part of this week for his summer place in Charlevoix, Mich., for a week or so.

E. Asbury Davis, president of the U. S. Fidelity & Guaranty, has been elected a director of the Central Savings Bank of Baltimore.

Alonzo G. Oakley of New York, vice-president United States Fidelity & Guaranty, is convalescing from an operation that was performed earlier in the month.

Harold Watson, assistant manager of casualty lines of the Travelers in Milwaukee, was injured and taken to Sha-

wano, Wis., hospital after the car he was driving in with Caspar Wallrich, local agent there, was struck by a hit-and-run truck on the highway near Shawano. Neither of them was hurt seriously.

Peter Ryan, retired secretary American Automobile, celebrated a double 13th anniversary, having joined the American Automobile Friday, May 13th, 1912. He paid a personal call on President L. A. Harris to remind him of the anniversary.

Elmer Anderson, assistant manager of the bond department at the head office of Employers Liability, has been on a middle western trip, visiting Detroit, Kansas City and Chicago.

Robert A. Hogsett, casualty manager Travelers branch office in Boston, having spent previous vacations in Europe, South America and on the Pacific coast, is now vacationing in Arizona.

O'Connell Now Second Deputy

T. H. O'Connell has been appointed second deputy commissioner in Massachusetts. He will have charge of the branch office at 89 Broad street, Boston, which looks after automobile liability and workmen's compensation rates. Heretofore Mr. O'Connell has been third deputy. He succeeds M. T. Kelliher.

PETARD

PETARD. The petard was a half-cone of thick iron filled with powder and ball and firmly fastened to a plank. The plank was provided with hooks and other appliances to permit of its being attached to the gate of a fortification or other obstruction. The duty of the engineers was to attach the petard, ignite the slow match, and escape as quickly as possible. When the explosion took place a column of soldiers charged through the breach while the defenders were still in confusion. If the engineer were tardy in escaping, or the match proved to be faulty, the explosion might occur prematurely, in which case the engineer might be "hoist with his own petard."

—*"Words, Facts & Phrases," Edwards.*

Our competent engineering department serves the humane purpose of reducing accidents and assists the agent competitively in the proper classification and rating of risks.

Bankers Indemnity Insurance Co.

Newark, New Jersey

« Casualty Affiliate of The American Group »

Hine's Insurance Counsel

Serves the Insurance Companies, Transportation Lines and Self-Insurers

First National Bank Building
CHICAGO

HINE'S LEGAL DIRECTORY, INC.

Established 1908

EDWARD E. COLLINS, Manager

Bland Sees Short Upturn Due to Pump-priming

Not in Favor of New Deal Extravagance, U. S. F. & G. Chairman Tells St. Louis Rally

ST. LOUIS—Beneficial effects may result from the U. S. "pump-priming" operations in a few months, R. Howard Bland, chairman United States Fidelity & Guaranty, declared in a talk at a two-day educational conference of the U. S. F. & G. and Fidelity & Guaranty. Insurance will share in the benefits, he said. Mr. Bland explained he did not approve the federal administration's pump-priming plans. He spoke at a banquet winding up the conference. About 200 representatives and guests attended.

"Our own insurance business has been holding up very well during the so-called recession, but I expect it, and business in general to start a strong upswing with the beginning of governmental spending," Mr. Bland said.

"Insurance feels the effect of emergency spending programs very quickly, because of the vast amount of compensation insurance and other forms of protection needed in putting millions of men to work on many and various kinds of projects."

Rate-cutting Real Danger

He discussed cut-rate and mutual competition, which he termed a very real danger to continuance of the American agency system.

"Rates, generally speaking, are based on averages and are not made to apply to preferred risks," he said. "It is simple, therefore, for cut-raters who do not ordinarily take care of the general needs of agents or the insuring public to prosper by quoting less than manual rates for the most profitable lines."

He said if the rating bureau were eliminated and companies charged whatever rates they determined were low enough to produce business, neither agent nor assured would ever know where he stood; no one could budget his insurance costs.

He contends the American agency system is endangered by the mutuals' emphasis on direct selling, and insurance-at-cost plans, without employing an agent. However, most persons are not particularly interested in insurance cost but insist on strength behind the policy.

Other speakers included: F. P. Sizer, head securities division, Missouri insurance department; W. W. Head, president General American Life; Morrison Clevlen, Poplar Bluff, president Missouri Association of Insurance Agents; Felix Gunther, former vice-chairman First National Bank, St. Louis, a director of U. S. F. & G., and Judge W. T. Jones of Carter & Jones.

Superintendent Robertson was unable to attend.

About nine home office officials attended including Chairman Bland, Vice-presidents P. F. Lee and H. D. Combs; C. J. Fitzpatrick, vice-president and secretary; J. D. Williams, superintendent judicial bond department and Assistant Agency Directors O. R. Leeds and J. D. Hall, of the U. S. F. & G.; President F. A. Gantert and Vice-president H. F. Ogden of the Fidelity & Guaranty Fire of Baltimore. W. E. Walker, Cape Girardeau agent, representing both companies, was a speaker. Henry Bush, St. Louis manager for the companies, presided at business sessions.

New Hotel Liability Form

The burglary department of the United States Fidelity & Guaranty has announced a new innkeeper's liability policy, which is being issued to operators of hotels. The coverage is comparable to that of the safe deposit liability policy for banks and safe deposit companies and the warehousemen's policy,

written for storage warehouses. Under this policy the company agrees to pay all sums which the insured becomes legally obligated to pay by reason of liability for damages because of injury to and destruction or loss of property belonging to a guest on the premises. It also agrees to defend suits and to pay court costs, with a limit of \$1,000 on the property of each guest and the total policy limit of \$25,000, though both limits may be increased.

General Accident Tries Plan

Grants a 20 Percent Reduction on Automobiles in Canada, Where Cars Are Not Used for Business

TORONTO—The General Accident is carrying out its own method of automobile insurance in Canada and has high hopes that it has solved a problem that has been troubling managers for a number of years. Its policy is the standard form used by all companies in Canada but the General Accident requires a supplementary application which among other things contains a statement signed by the applicant as regards the use of the car by himself and others who drive it. In case where the car is not used in business, a discount of 20 percent is allowed for personal liability and property damage. A man can drive to and from his work but not use it in connection with his occupation to get the reduction. It is the belief of the General Accident management here that cars not used for regular business purposes have a lesser exposure and may be expected therefore to reveal a more favorable experience than business cars.

Introduces New Plan in Iowa

Employers Liability has introduced in Iowa the same automobile p. l. and p. d. rating plan that it has now started to use in Illinois. Under this plan, assured who do not use their cars in business are charged an initial rate that is 15 percent off manual. If upon expiration, the risk has been "claim free" there is a 10 percent refund to the assured. On cars used in business, manual rates are charged and the insured is entitled to a 15 percent refund upon expiration if a risk has been "claim free."

The regular scale of commission is paid on non-business policies, subject to the same rate of return commission on risks that earn the 10 percent safe driver reward.

Commission on policies for business cars is the same as that given by the National Bureau of Casualty & Surety Underwriters and there is no return commission on risks earning the 15 percent reward.

Tighten Up at Philadelphia

PHILADELPHIA—Casualty and surety agents of this city, having recently reaffirmed their adherence to the rules of the respective acquisition cost conferences, started anew May 23, after which date any previous excess commission deal became null and void. The existing arrangement obligates the producers to nothing not previously accepted, but does bring into line such as may have strayed off the reservation.

West Kenasco Tunnel Bonds

NEW YORK—Contract performance bonds covering construction of two sections of the West Kenasco tunnel project in New York, have been issued by the Maryland Casualty. The bonds, of \$1,200,000 each, were on behalf of the Seaboard Construction Corp. and the S. A. Healey Co. Successful bidders for different sections of the work; the contract awards being \$10,810,166 and \$10,097,135 respectively. The company has further arranged for issuing a bond for \$1,200,000 for a third part of the work, should the contract awarded the Healey Co. be finally approved. Ten companies participated with the Maryland Casualty as co-sureties in the issued bonds.

Maps Mid-Summer Parley for Agents



ALBERT C. SUPPLEE

PITTSBURGH—The Pittsburgh branch office of United States Fidelity & Guaranty will hold its 1938 convention at the Summit Hotel near Uniontown, Pa., July 14-16 for agents who have qualified. A similar convention was held four years ago at the same place. The Pittsburgh branch covers western Pennsylvania, West Virginia and Ohio. Manager A. C. Supplee will award prizes to those agents showing unusual production during April, May and June. Fourteen agents already have qualified.

Company officials who will take part include Philip F. Lee, vice-president U. S. F. & G.; Frank A. Gantert, president, and Harry F. Ogden, vice-president Fidelity & Guaranty Fire.

Responsibility, Drivers License Bills in Illinois

Two sets of drivers license and financial responsibility bills have been introduced in the special session of the Illinois legislature which convened Monday of this week. One set has the backing of Governor Horner, while the other is sponsored by Mayor Kelly of Chicago. The issue, as in the last regular session, concerns patronage. Governor Horner desires to have the administration of these laws in the hands of the department of public works and buildings which is subject to his control, whereas the Kelly sponsored bills place the administration in the hands of the secretary of state. Most observers believe that the chances now are better than they ever have been for passage of a drivers license bill in Illinois. Should the Democrats permit a factional, patronage fight to prevent passage of such legislation at this time, the Republicans would be furnished with excellent ammunition for the fall campaign.

Milwaukee-Chicago Outing

MILWAUKEE—Frank D. Madden, president of the Milwaukee Surety Underwriters Association, has appointed Robert Phillips, vice-president, as chairman of the committee in charge of arrangements for the annual joint golf tournament of the Chicago and Milwaukee associations. The event is scheduled for June 10, at the Ozaukee Country Club, north of Milwaukee.

To Address Milwaukee Men

MILWAUKEE—A. E. Mielenz, general agent for the Aetna Life, will address the May luncheon meeting of the Milwaukee Accident & Health Association Thursday. His subject will be "The Logic of Accident and Health Insurance." R. L. Paddock will conduct the

question box following the speaker. Plans will be discussed for attendance by a delegation of Milwaukee agents of the ninth annual convention of the National Association at Cleveland, June 2-3, and at which E. H. Mueller, president of the Milwaukee association, will be one of the speakers.

Washington Advisory Committee

SEATTLE, WASH.—At a meeting of the chief representatives of the National Bureau of Casualty & Surety Underwriters in Washington an advisory committee was appointed consisting of George Rourke, Aetna Casualty; Aubrey Naef, Sun Indemnity and New Amsterdam Casualty; W. P. Sizemore, Travelers; J. E. Charbonnel, Fireman's Fund Indemnity and Edward Hed, Fidelity & Casualty. They will act in an advisory capacity on bureau matters in Washington. This committee was organized in compliance with the new rule of the Pacific Coast branch of the National Bureau. Its jurisdiction will relate only to bureau affairs and as such will have no jurisdiction over problems pertaining to acquisition or field supervision cost. Attending the meeting were R. E. Fay, Pacific Coast manager of the National Bureau; B. K. Campbell, northwest manager; B. G. Wills, vice-president Fireman's Fund Indemnity, who is a member of the California bureau advisory committee.

U. S. F. & G. Agents Tenure

The United States Fidelity & Guaranty finds that it has 65 agents that have represented it for 40 years; 290, 35 years; 228, 30 years; 363, 25 years; 463, 20 years.

Plan Federation Meeting

MINNEAPOLIS.—A meeting of the executive committee of the Insurance Federation of Minnesota was held to discuss plans for the annual meeting, which probably will be held here June 13. Details of the program have not been arranged. Chairmen of various convention committees named include: Arrangements and program, W. A. Williams, of the Fred L. Gray Co., Minneapolis; nominations, C. W. Hall, Northwestern Fire & Marine, Minneapolis; resolutions, Ray H. Ostrander, Albert Lea, Minn.; auditing, Dean Perry, state agent, Fire Association.

Rejects Referendum Proposal

The Massachusetts joint legislative insurance committee has reported adversely on the proposition for an initiative petition calling for a referendum at the fall election on the question of repealing the compulsory automobile liability insurance law. Four members voted in favor of the referendum and they will submit a minority report.

The committee filed a substitute measure calling for a referendum upon an amendment requiring all classifications of risks and premiums to be subject to the approval of the insurance commissioner. The amendment provides as well for a system of preferential premium rating for careful drivers.

New Claim Book Issued

The Jackson Publishing Co. of Knoxville, Tenn., has issued a new book, "How to Control the Human Element in Claim Handling," by Harvey Haughbaugh. There are 44 chapters and at the close of each is a group of questions numbering 750 in all. Throughout the book there are excerpts and sketches from actual cases. Mr. Haughbaugh has been in field work for 25 years. The treatise reveals sound and time tested methods. The work is a handbook for the use of field investigators and adjusters of casualty companies, railroad corporations and all others who deal with people. The price of the book is \$6.50.

Members of the local boards at Kenosha, Racine and Burlington, Wis., joined Tuesday in an all-day tour of inspection of the Underwriters Laboratories in Chicago.

ALABAMA AGENTS WANT JULIAN RENAMED

(CONTINUED FROM PAGE 3)

charge of this activity. The bank plan of financing automobile insurance was endorsed as resulting in lower interest charge to the public and enabling local agents to secure their commission.

The committee which prepared the Julian resolution consisted of Past Presidents C. L. Gandy and Anglin T. White.

It related that Mr. Julian had given constructive service; besides inherent ability he has the advantage of three terms of administrative experience and intimate knowledge of duties and affairs of his office. "No citizen of Alabama is as well qualified for the duties of the office of superintendent as the Honorable Frank N. Julian," the resolution declared. It was recommended that the incoming president appoint a committee to lay the agents' request before the incoming governor. The resolutions were presented by J. A. Duckworth, chairman. Report of the committee on nominations was offered by Chairman White, both being past presidents.

Endorse Highway Move

Upon request of Secretary E. M. Hearn of the Alabama Highway Users Conference, the association endorsed the state constitutional amendment prohibiting expenditure of gas and motor vehicle taxes for other purposes than highways.

Secretary-Treasurer Moore explained the programs of the school of insurance to be held at the University of Alabama, Tuscaloosa, June 21-23. He urged association members to attend.

Telegrams of greetings were received from Manager J. D. Saint, Tennessee Association of Insurance Agents, and Payne Midyette, national executive committee.

Addresses of welcome by Mayor Bates, and President David S. M. Unger of the Mobile Board were responded to by Past President Arthur Mead, Montgomery. Greetings from field men were brought by President Sellars Lightfoot, Birmingham. Reports were offered by Chairman W. H. Hackney of the Business Development Office committee, Chairman H. C. Smith of the rural agents committee, Chairman Arthur Mead of the legislative committee, Chairman A. A. Adams, Jr., of the grievance committee, Chairman C. S. Henagan of the fire prevention committee and Chairman Bohling Starke of the accident prevention committee.

S. E. U. A. Men in Talks

Informal remarks were made by Secretary L. P. Jervoy of the America Fore group, who pleaded for faith and service; L. T. Wheeler, manager-secretary of the Southeastern Underwriters Association, Atlanta, enunciated the new spirit of service that has come into company and agency affairs. N. H. Pye, chief engineer of the same organization, discussed service offered by the engineering department.

The annual banquet, a luncheon for the visiting ladies and a luncheon on Dog River, with the Bankers Fire & Marine of Birmingham as host offered the entertainment features. Registration has about 200.

The subject of contingent commissions was discussed behind closed doors and the only allusion thereto came out on the floor of open convention in the form of the resolution.

The banking plan for the financing of automobile premiums was interestingly presented by General Agent Meiss, who reported progress has re-

sulted where the plan has been inaugurated.

Superintendent DeMouy in his talk told of the toll of automobile deaths and injuries and measures companies are taking to prevent accidents.

Superintendent Julian prefaced a recommendation for the revision of insurance law by calling attention to the fact that the agents' association, whose members write the largest percentage of business in Alabama, represents the "organized minority." He urged that membership be continually built up.

Mr. Julian asked whether or not the members had made known to their legislators-elect that insurance is considered an "important calling;" if they had offered constructive measures for protection of their business and what other steps had been taken to safeguard the interests of insurance.

He recommended reinforcement of the agents' qualification law, amendments with regard to the broker's law and suggested that agents back other programs for the safety of their business. The insurance department, he said, could do no more than to see that the laws as enacted are carried out.

"What the National Association of Insurance Agents has done nation-wide should encourage the Alabama association to stay on the job everlastingly for the betterment of your business in your state," Mr. Julian said. Income of his division up to May 12 was \$1,056,900, he reported, while total salaries, including salary of the assistant attorney-general assigned to the department, totaled only \$15,440 annually.

Among changes recommended by Mr. Julian was to place the state fund under supervision of the department. He called attention to the work performed by the state fire marshal's office, which is under Mr. Julian's supervision.

Subjects for legislation, he said, include uniform liquidation of companies, an improved agent's qualification law, amendment of the anti-discrimination or rebate statutes, the definitely fixed amounts of reserves of insurance companies, other than life; a standard form for fire insurance, a stronger law on unauthorized insurance and a sufficient personnel for the department so it can function properly.

Wilson on "Price-cutters"

W. Owen Wilson was presented by Mr. Gandy. Mr. Wilson reviewed problems and dangers, touching on "price-cutters" and urging a conservative and intelligent attack on their methods. He called especial attention to the serious lack of closer contact with the public, and pointed out the more favorable regard of the people for the life insurance business. Splendid results have come from the campaign of cooperation between agents and the National Association of Credit Men carried out in 143 towns and cities, he said. There is, he said, an enormous volume of unwritten covers that could be placed by better relations with credit associations. He spoke of the value of protection of credit by insurance surveys that can be made by credit organizations, and urged that fire insurance representatives see to it that insurance be made a part of programs of local credit bodies.

Tells of B. D. Activities

The report of Chairman Hackney of the Business Development Office committee showed 21 towns were visited and real work is beginning. A flying squadron of five field men was created, subject to call.

Mr. Pye in an informal address referred to dangerous fire hazards created due to air conditioning and attic insulation.

A silver pitcher suitably inscribed was presented by Mr. Gandy on behalf of the association to retiring President Thomas.

London & Lancashire Governor Surveys Scene

(CONTINUED FROM PAGE 8)

values is still in the neighborhood of £1,000,000. The greatest falling off was in the United States where the appreciation of £900,000 that existed at the end of 1936 has now entirely disappeared. "But that there will be a recovery some day, having regard to the potentialities of that country, I feel morally convinced," Sir Frederick asserted.

Although a profit was returned in the marine end, the year was the most trying in the 30 years that London & Lancashire has been doing a marine business, according to Sir Frederick.

In 1937, with the revival of shipping, many less seaworthy vessels were put into service. The personnel, too, was inferior. This increased hazard was coincident with the reduction in rates as a consequence of competition.

Cost of Repairs

The cost of repairs increased and in the latter months of the year there was almost an avalanche of total losses. Some of these, he said, were undoubtedly due to bad seamanship. The year was the worst for total losses since 1929. The total loss tendency has continued

into 1938 and the experience so far this year is worse than for the parallel period in 1937.

So far as the fire policy is concerned, he emphasized that there has been no change in coverage in respect of war risk. The protection given under fire policies has always precluded any liability for damage due to foreign enemies, although it might have been argued that damage by civil war was covered. Generally speaking, companies have not granted war risk cover on land. Due to the disturbance on the continent and in the near east it became necessary to make quite clear what liabilities were insured under the fire policies. New clauses agreed upon, he said, merely crystallize and clarify what has always been the intention, viz., war and civil war risks are not covered by the standard fire policy.

Marine Situation Differs

In marine policies, the underwriters had properly decided to limit their war risk cover to the period during which goods are water borne.

Sir Frederick reiterated his theory that there is no immediate prospect of appreciable, if any, profit from either motor cars or workmen's compensation, which constitute the chief section of the accident department.



"I'd have that contract if I could have shown Jones a saving" . . .

Because the American Motorists Insurance Company has always saved its policyholders money on their automobile insurance costs and given them proved protection as well, representatives are finding prospects rapidly turning to buyers.

Today, with motorists wanting the maximum in *proved* insurance protection at a minimum in cost, AMICO agents are cashing in on Spring renewals and their clients are receiving the time tested protection of a sound company *plus* an efficient claim service in operation twenty-four hours a day.

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MOVE ADOPTION OF "ARKANSAS PLAN"

(CONTINUED FROM PAGE 4)

Invitations for the meeting next year, received from Jackson, Gulfport, Hattiesburg and Natchez, were referred to the incoming board.

Other resolutions thanked the Gulf Coast Association, the convention hosts, the National Association of Insurance Agents for the able services of Payne Midyette, member of the national executive committee; the Business Development Office for its work on behalf of the agents and particularly for sending Albert R. Menard, assistant director to speak and direct activities; and the Mississippi Blue Goose for its entertainment features. Another resolution congratulated three original members, J. H. Johnson, Clarksdale; Edward Yerger, Sr., Jackson, and Austin Barber, Yazoo City, on their years of faithful, constructive services.

Tribute was paid to the late Ernest Graves of Laurel.

Others on Program

In addition to Messrs. Menard and Midyette, the program included talks by Commissioner J. S. Williams, chairman of the Insurance Commission; W. T. Wynn, Greenville, vice-chairman of the commission; W. W. Sampson, Mississippi State Rating Bureau, on "Important Schedule Changes Within the Past Five Years"; and Manager W. J. McBryde of the Mississippi office of the Fire Companies Adjustment Bureau.

Secretary-treasurer W. A. Yerger, Jackson, reported membership of 184 agencies, a net gain of 14. All departments were reported in splendid shape.

W. Coke Collins, retiring president, in his administration report praised the work of the legislative and membership committees, the revised form of the "Mississippi Agent," house organ, and the work of the membership as a whole. He urged organization of other regional associations, in addition to the Yazoo-Delta association, the Mississippi Coast Fire Underwriters Association and Northeast Mississippi Association. He recommended agents read their trade papers and keep abreast of the times.

Councillor in Report

Owen T. Palmer, national councillor, chronicled important developments of the year as well as recounting actions of the National mid-year meeting at Hot Springs.

He suggested that the Mississippi agents, on account of many similar problems, consider the organization of a conference of the states of Mississippi, Arkansas, Louisiana and Texas, pointing out benefits from cooperation with various bodies of the National Association of Credit Men.

Vice-chairman Wynn of the insurance commission predicted fire rates in Mississippi would soon be reduced. Commissioner Williams stated the average rate of reduction could not be announced now, as changes in charges of various classifications had not been worked out. He presented statistics saying on some classes rates would remain the same and on others there would be slight advances. He also detailed provisions of the new non-resident agency law, which strengthens the previous law and will result in a large saving in commissions to Mississippi agents.

Response to the welcome by Mayor Braun of Biloxi was made by Warren Jackson.

The committee on nominations appointed by President Collins was composed of A. Bergman, Greenville, past president; Frank Montague, Hattiesburg; W. F. Boone, Pontotoc and E. A. Lang, Pass Christian. The resolutions committee consisted of Owen Palmer, Gulfport; Shad Johnson, Clarksdale; Julian Hopkins, Columbus; R. C. Griffin, Armory; and John Robinson, of Jackson.

A get-together luncheon and outing to Ship Island with supper there, were held

the first day. On the second day were boat races for agents, starting and finishing at the Biloxi Yacht Club and dancing in the evening. Initiatory ceremonies were also held by the Mississippi Blue Goose. Bridge, luncheons and gulf cruises provided entertainment for visiting ladies.

An interesting relic of former days was presented to the association, in the form of a newspaper account of 38 years ago regarding the second annual meeting at Biloxi.

Additional local boards and the proper constitutions and by-laws, the merit plan of rating for private passenger automobiles and other subjects were considered in executive session.

Resolve to Unite On Legislation for Two States

(CONTINUED FROM PAGE 4)

Louisiana house, having been presented by Lowery B. Eastland, chairman of the legislative committee, together with J. A. McCurnin, Sr.

President Grace commended John Ledbetter as head of the Louisiana-Mississippi conference group for his work in the development of the legislative program; State Manager McClelland for his vigilance and effort to promote the interests of the society and the local agents, and W. S. Bizzell of the Louisiana Rating & Fire Prevention Bureau for handling a "difficult job" most effectively. He urged that the incoming administration seek closer cooperation between the fire and casualty commission and the agents and that an arrangement be made whereby the state manager of the society sit in at all conferences between the commission and the company representatives.

Registration Was Large

There were 376 registrations with more than 300 agents taking part in an interesting program. This was marked by speeches by leaders of state and national importance in the insurance field. W. L. Falk, superintendent brokerage department Royal-Liverpool groups, New York City, spoke here following an appearance before the Texas association in Galveston. His subject was "The Trend of the Co-operative Movement in the United States." Payne H. Midyette, Tallahassee, Fla., represented the National association as a member of its executive committee, his subject being "Let's Pull Together." Work of the Business Development Office, New York, was reviewed by Albert H. Menard, assistant director.

Louisiana Speakers on Program

Speakers representing Louisiana activities included W. Z. Bizzell, manager of the Louisiana Rating & Fire Prevention Bureau, and A. P. White, chairman of the Casualty & Surety Rating Commission, who discussed the relationship of the commission to the business in Louisiana. Judge Pierre Crabites, special lecturer of the law school of the Louisiana State University, spoke on "The Background of Insurance."

Lake Charles, through Terrell Woosley, past president, was the only city making a bid for the 1939 convention. The matter of selecting a meeting place was left to the executive committee to be decided later.

Big Increases in 1937

Reviewing efforts to procure adequate and fair rates in the various casualty lines, all of which had contributed to volume of business written, Chairman White of the Casualty & Surety Rating Commission, presented figures showing 1937 to have been the greatest year in

the history of casualty and surety insurance business in Louisiana. Total premiums were \$12,494,730, compared with \$10,636,445 for 1936, an increase of \$1,858,285, or 17.47 per cent, and \$11,120,697 for 1929, the largest total previous to 1937.

The commissioner recommended that since there was still some uncertainty as to how to handle the workmen's compensation situation the Southeastern Compensation Rating Bureau at Birmingham, Ala., be the official body to administer such rates for Louisiana.

A convention feature was a playlet, "Logic in Action," dealing with mutual and reciprocal competition. This was broadcast by the dramatics department of Louisiana College at Pineville.

Meiss Advocates Bank Financing at Alabama Meet

(CONTINUED FROM PAGE 4)

a maximum of 5 percent, which is 9.8 percent on the reducing balance and some banks are now down to 3 percent. Finance companies, even with an insurance rebate, he declared, cannot compete on that basis.

If the banks get a substantial portion of the cream of the business, the experience of the finance companies will become less favorable and they will have to readjust their arrangements, he declared.

Bank financing, he declared, is not designed to benefit one agent or one company but all agents and all companies. The objective is to eliminate the power of credit to coerce insurance and to restore the freedom of insurance contracts in the field of instalment financing.

Individual Policy Is Best

An individual policy issued to the car purchaser by a licensed agent in a responsible company with the approved broad loss payable clause attached gives the bank more protection than the master policy form, according to Mr. Meiss.

The loss payable clause, he said, protects the mortgagee in event of "any act or neglect of the mortgagor," provides for prorating in the event of other insurance, requires a ten-day notice of cancellation to the lien holder and in the treatment of subrogation is much more liberal to the lien holder. The master policy protects the mortgagee, he said, only in the event of three specific and rather inconsequential invalidations by the mortgagor, applies only as excess in the event of other insurance, provides only a five-day notice of cancellation to the lien holder and is more restrictive in the treatment of subrogation.

Automatic Coverage

The desirability of the automatic coverage of the master policy has been over emphasized, he declared. Financing precedes delivery of the car, deals are closed only during banking hours with the borrower's local agent as near as the telephone. If delivery is out of banking hours coverage can be fully bound "subject to delivery." If a trade-in is involved the policy on the old car contains a 10-day automatic binder clause. The individual policy placed with the agent will cover every contingency.

Under a master policy, the purchaser is charged short rate cancellation on his old policy whereas he gets a pro rata return by placing the new insurance with his agent. The car purchaser pays a sensible rate of interest based on prudent selection and without any loading for dealer "reserves," heavy overhead and commercial borrowing. He places his insurance in his home town with his own agent.

Bad practices in automobile financing are beginning to produce reactions, Mr. Meiss observed. He referred to the announcement of the department of justice that it intends to seek a federal grand jury indictment of the big finance

companies in South Bend, Ind. The rapidly ascending loss ratios on finance accounts, together with indefensible acquisition costs, he said, mean either an abandonment of the present competition or business suicide. He referred to the regulations governing the writing of finance business that have been issued by a number of states.

Pink Sounds Note of Good Cheer to Insurance Agents

(CONTINUED FROM PAGE 5)

and fewer serious difficulties than anywhere else.

"Perhaps we have gone too far, but certainly we cannot and should not retrace our steps," added Mr. Pink. "We have paid too dearly for the progress we have made to surrender it in equally hasty reaction." The United States, he thinks, has been much slower than other civilized nations in equalizing by law the rights of capital and labor, in adopting a sound and progressive housing policy, employment insurance, social security and other progressive social and economic policies.

No Fear of Dictatorship

Mr. Pink says that in spite of the talk about dictatorship in this country, he thinks it is mostly political and he has no real fear about it. No sizable group, he said, in this country wants to displace private enterprise by government enterprise. Speaking further, he said:

"One danger today comes from pressure groups and organized minorities. Clamor, noise and insistence weigh altogether too much. The forgotten man is the one who has failed to organize. There is too much demand for selfish, temporary advantage without regard to what we are laying up for the future. There is too little realization that society, as Burke said, is a partnership not only between those who are living, but those who are dead and those who are to be born."

"If taxation is high, wide and handsome, and it is, we can stand it. We can put up with doubt and confusion during a period of change and reorganization. But we cannot afford to lose our faith and confidence in and our insistence upon democratic institutions—in the peaceable right of the majority to govern, in free speech, a free press, the right of assemblage and in religious freedom. If we maintain these inalienable rights without loss or tarnish there is no lasting evil to be apprehended from the regrettable unsettlement which comes from economic and social change.

Power of the Agents

"Those who sell insurance are the public relations men of the industry. Other than the press and the radio there is probably no more effective machinery for reaching and influencing public opinion in this country than the producers in the life, fire and casualty fields. Let us unite in a great campaign to dispel doubt and fear, racial and national hatreds, and distrust whether of business with all our difficulties and irritations, or of government. Let us dedicate ourselves to selling the greatest, freest and the happiest country in the modern world—the United States of America."

K. O. Saunders to Speak

K. O. Saunders, manager Maryland Casualty, Cleveland, will speak at the meeting of the Cincinnati Accident & Health Association May 26. R. K. Pelton, northern Kentucky manager Mutual Benefit Health & Accident, will discuss the national health bill pending in Congress.

"Selling Fidelity Bonds and Casualty Insurance" is the topic on which Mr. Saunders will talk May 26 at the monthly meeting of the Cincinnati Casualty & Surety Association.

Public Relations Is Big Topic At N. Y. Conference

(CONTINUED FROM PAGE 5)

in purchasing sound insurance and in taking advantage of the professional services which his particular problems need and which can only be provided by a good local agent," said Mr. Schaufiler: "No branch of the insurance business can stand alone and safely ignore attacks on other divisions. There is no standing still. Life, fire, casualty and other divisions are either building reputation for the entire insurance industry or tearing it down."

Henry C. Flower, Jr., vice-president, J. Walter Thompson Company, advertising agency, spoke on the same subject, dwelling more on other forms of insurance than life. He stated that a small investigation just completed revealed that less than 20 percent of the people interviewed had any knowledge of the name of the company in which they were insured. This is the "don't know—don't care" group among which the greatest amount of public relations work should be done, he said.

Mr. Fowler decried the dangerous practice of some agents, who in discussing insurance with a client, omit features of a policy which they think undesirable. "The sales representative who neglects to explain exactly what the policy does not cover does irreparable harm not only to the insurance company he represents, but to all insurance companies," he said.

Advertising Must Educate

Advertising and publicity must work toward educating the public on the need for insurance and teaching the public how to buy it intelligently, said Mr. Fowler. "I think that the best and most immediate public relations step that could be taken by insurance is that of simplifying the policy as it exists today. Be frank and specific about what the consumer doesn't get. Reduce it to a streamlined production that clearly and intelligently tells your customer what he has bought. When people are able to read insurance policies, understand what they have and have not got in the way of protection, the major part of your public relations problem not only will disappear, but you are going to sell more insurance," he asserted.

"Advertising copy should point out the social significance of insurance. It has been a contributing factor to our growth. Life insurance has done much to increase our life span; casualty insurance is striving mightily today to deal with one of our most appalling problems—traffic fatalities. Insurance funds have provided the dollars to expand the services of our government; aid the growth of industry. Its influence is felt everywhere," Mr. Fowler concluded.

Shifts Due to Inglis Illness

SAN FRANCISCO—R. L. Inglis, who was transferred to New York to assume management of the eastern department of the Associated Indemnity and Associated Fire & Marine, is recuperating following an operation May 22, according to advices received at the head offices in San Francisco from President C. W. Fellows, who is at present in the eastern offices. Mr. Inglis has been ill for some time necessitating temporary transfer of Vice-president H. B. Humphry to New York. During President Fellows' and Vice-president Humphry's absence, L. S. Moorhead, vice-president in charge of the branch head office at Los Angeles, is in the head offices at San Francisco.

Texas Tax Is Upheld

The new Texas law imposing a 2 percent tax upon fire premiums for the benefit of the firemen's pension fund has been upheld by a court decision in that state.

W. E. Leiby Tells How He Built His "Unique" Agency

(CONTINUED FROM PAGE 22)

well established brokerage agency. In all these capacities, his worries were confined to production. Under his new setup, however, he found that his overwriting allowance seemed insignificant compared to the expense of opening and conducting a fully equipped office. At the end of six months his savings were depleted, but he found means of "carrying on." It was necessary to dispense with a trained secretary and Mrs. Leiby took over the office duties. In that connection he paid high tribute to her assistance and inspiration.

Many Unacceptable Cases

The first six months were spent in intensive contact and field work. The average producer, with only a slight knowledge of accident and health, was quite willing to avail himself of Mr. Leiby's assistance. Quite naturally, the agency received rather more than its share of borderline cases. In fact, the number of cases declined was greater than those accepted. However, every case was given consideration. As one of the methods of keeping contacts with agents, all "unacceptable" cases were held in the office 10 days before the agents were advised of that fact. "If they phoned," Mr. Leiby says, "we discussed other problems; if they came into the office they received a liberal accident and health education." When they were advised at the end of the 10 days that the cases could not be considered, the "letdown" was easier and at the same time service had been given to agents who had given the agency poor "apps." Mr. Leiby says many of these agents are consistently giving him good business today, which proves that his efforts were not in vain. This procedure is no longer followed.

Wider Representation Secured

It was soon found that representation of a non-cancellable company and commercial companies did not fulfill all requirements. It was desired to give service by which agents could have all their accident and health problems handled completely and in detail by one agent. This made it necessary in the first place to secure a representation for industrial and intermediate coverages and later for London Lloyds, to meet requests for unusual, specialty and excess amounts. It came to be said that "if it could be written, the Leiby agency could write it." The agency now represents the Massachusetts Indemnity as state manager, specializing in non-cancellable disability, the accident and health departments of the General Accident, Fireman's Fund Indemnity and National Casualty, and London Lloyds.

Platform of the Agency

The platform on which the agency has built up its business is that it: Represents only companies of stability which are "disability-minded." Supervises all underwriting. Makes true comparisons of coverages, assists in programming. Gives quotations at all times. Assists in individual or agency campaigns, letter service and data relative to statistics. Without hesitancy advises the continuance of liberal or old forms. The assured is always given personal consideration. Supervises and pays claims from the office. Pays standard commissions to agents and brokers on all coverages.

Circularization Used Extensively

Letters, bulletins and circulars were sent out consistently, even when it was difficult to find the necessary funds. Especial pains were taken to make the literature interesting, attractive and educational. A series of circulars were re-

cently started, known as "Leiby Leads," which are mailed bi-monthly. The mailing list now totals about 550. Originally it exceeded 1,200, but the undesirable and non-producers gradually were weeded out to make room for prospective producers and at the same time keep the producers within 600.

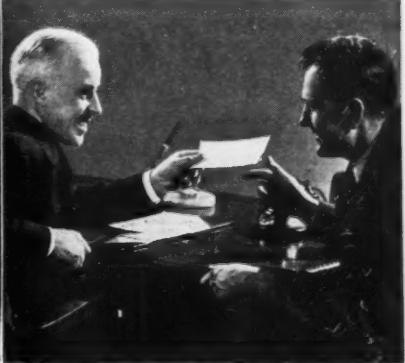
Mr. Leiby considers that circularization and commercial advertising has been a major factor in the agency's growth, that it has paid for itself many times and has consistently meant the difference between a good and a poor month. The agency's monthly expense in that respect far exceeds that of any other accident and health agency and perhaps some branch offices in California.

One of the reasons for concentrating on life men was that just at the time when the agency opened the life companies generally had discontinued the disability provision or increased premiums and reduced benefits. Life men were reluctant to cease writing disability

benefits, but could no longer do so in their own companies. In calling on life managers, he stressed these points:

- "1. Our agency has no life or casualty affiliations.
 - "2. Our agency writes exclusively accident and health insurance.
 - "3. We eliminate shopping for your men.
 - "4. We conserve their time, which is yours—we reduce lapses.
 - "5. We're not interested in direct representation.
 - "6. We give your men the information to properly present disability insurance.
 - "7. We pay standard commissions.
 - "8. We make it possible to secure more interviews.
 - "9. We fit the need to the pocket-book.
 - "10. You should have confidence in sending your men to a specialty agency."
- Mr. Leiby said that his office is now represented by more major life producers than any 10 accident and health

**"HERE'S A
CONTRACT THAT
REALLY LIVES
UP TO ITS
NAME"**



The ALL-Risk Public Liability Policy

In these days, a large collection of policies doesn't necessarily mean complete protection against liability claims. Unknown hazards, unheard-of claims, have a way of turning up and upsetting the best laid insurance plans.

The All-Risk Public Liability Policy was developed out of twenty years' experience to protect business against the unknown, as well as the

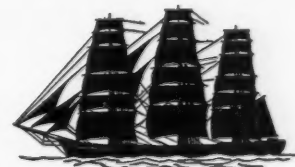
known hazards. This single contract is your assurance that you will never have to tell your client that he is not covered, even on an out-of-the-ordinary claim. Each contract is tailored to individual needs; each case is rated on its own merits; no superfluous coverage is included in the premium computation. Write for complete details on this contract underwritten by prominent underwriters.

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FIDELITY AND SURETY BONDS - CAPITAL \$1,000,000

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agencies combined in California and that it is proud of that representation. In the past four years he has spoken to more than 40 groups of life producers, always with the consent of the managers, on "How Non-Cancellable Disability Income Increases Life Insurance Sales."

He said that by reason of the fact that the major portion of the business comes from agents representing life companies, there is very little supervising to do. Life producers in general learn to qualify their risks before they are written, consequently lapses are normal. Each lapse is given every attention before it is marked "final."

The agent has always stressed programming to the life men, and this is "speaking their language." Programming disability, he said, does not necessarily mean jumbo lines. The agency cannot write amounts in excess of those stipulated by its companies. It was by programming, however, that it increased its average premiums to twice the average of other agencies.

Strong Believer in Education

Efforts to get business from casualty agents produced very small results. The standard forms of casualty, he says, are more easily sold and therefore the majority of the casualty producers are not interested in selling personal protection. They were already obligated to place in the casualty companies they represented the occasional cases sold.

Mr. Leiby is a firm believer in furthering the education of the producer. "Educational work will spread interest, increase premium income, decrease losses and give the public a better understanding of the value of our coverage," he said. "The average producer requires further education to effectively convey his message to the public."

In addition to the many talks given before groups, the agency held classes twice a year up to two years ago, with an average attendance of 25. These were weekly meetings from 8 to 9:30 a. m. over a period of two months, with

at least one company underwriter or adjuster at each session. The results were regarded as beneficial and since the discontinuance of the classes there have been many requests that they be held again.

Suggestions from Producers

Speaking for the men in the field, Mr. Leiby suggested that the companies are sometimes inclined to overlook the producers. He said that their desires are:

(1) Simplification of business—taking the mystery out of it.
(2) Better sales material—useful literature, easily understood by the prospect.

(3) Educational material.
(4) Closer relations between the buying public and company, which he suggested could be effected through commercial advertising or the use of pre-approach letters.

(5) Thoroughly trained underwriters and managers. He declared that many companies appoint or select managers unqualified for such positions. Too often they appoint a man who has been a leading producer, forgetting that many other qualifications are necessary for the efficient handling of their business. He declared that it requires constant study, regular reading and years of actual experience and that an agency manager should be a combination of a good underwriter, a good salesman and a good leader of men.

Rochester Manager Dies

John M. Daggett, manager of the Rochester, N. Y., office of the Fire Companies Adjustment Bureau since 1927, died in that city. In earlier years he was connected with the Commonwealth and later as special agent in New York for Connecticut Fire, and still later underwriting manager for Stuyvesant.

Insurance Service, Akron, O., has been chartered by T. M. Powers, Eunice Barnes and P. C. Weick.

Outlines Future of Retrospective Rating System

(CONTINUED FROM PAGE 35)

der the plan. If the range of minimum and maximum premiums can be reduced in a sound actuarial basis, this should be done.

"In this connection, consideration should also be given to the possibility of establishing a variation in the range of minimum and maximum premiums according to the type or risk. Such variations should be based upon statistical data compiled on the basis of broad industrial groups, such as manufacturing, contracting, and all other.

Insurance Against Surcharges

"In order to meet the demand for coverage against retrospective premium surcharges, it would appear desirable to investigate the possibility of setting up a series of charges to cover specified modifications in the maximum premium. Such charges could be added to the basic premium only without modifying the minimum premium.

"Since, under the retrospective rating plan, the attention of the assured is focused not only on the cost of accidents but also on the underlying expense provisions in the retrospective premium, it is felt that a careful study should be made to determine whether certain expense items, such as home office administration, inspection and payroll audit, should be modified to reflect more closely the actual expense involved in connection with risks in the higher premium groups. This modification in the expense element has been recognized in Maine and Massachusetts and should be carefully investigated to determine the propriety of its application in other states.

A Direct Approach

"The retrospective rating plan constitutes a direct approach to the problem of meeting the requirements of the larger compensation risks. Whether it will fulfill the purpose for which it was designed will be determined by the results produced by its application in actual practice over a reasonable period. All constructive criticism of the plan should receive prompt and thorough consideration by the supervisory authorities in the various states, by rate making organizations and by company representatives, including producers, underwriters and actuaries. Objectionable features should be eliminated and such improvement as are indicated should be made.

"The ultimate objective should be to produce as perfect a retrospective rating plan as possible, whereby the compensation premium for risks which qualify thereunder will be determined on a reasonable and equitable basis, both from the standpoint of the assured and the insurance carrier, and which also will create an additional and effective stimulus for accident prevention and control."

A Fair Cross-Section

The 22 risks written by the company whose experience was cited by Mr. Pinney, represented, he said, a fair cross-section of the larger risks, the premium distribution by industrial groups being manufacturing, 56.5 percent; contracting, 18.9 percent, and all other, 24.6 percent. He pointed out that of the 22 completed risks written on the retrospective basis there was but one debit rated risk involving a standard premium of less than \$15,000. Total premium credits amounted to \$157,070 as compared with the single additional premium charge of \$2,303.

Mr. Pinney said that it is estimated that the plan at the present time may be applied to risks representing approximately 16 percent of the total country-wide compensation premium volume of all carriers.

To be Honored



GEORGE A. BOWLES, Richmond, Va.

Insurance Commissioner George A. Bowles of Virginia, who is to be honored Friday evening of this week, is president of the National Association of Insurance Commissioners. The dinner is sponsored by the Virginia Association of Insurance Agents in appreciation of the services he has rendered the state in his official capacity and in recognition of the honor that came to the state in his being elected president of the commissioners organization.

Postal Authorities Investigate

PHILADELPHIA — United States postal inspectors are reported to be investigating an organization known as the Home Owners Protective Association, which has been offering recommendations to policyholders of agents and insurance companies for fees of \$1 and \$10.

Prime mover in this association is said to be a chap who had a loss on an old residence in New Jersey for which the companies settled at a larger figure than that set by an arbitration committee although less than the amount claimed by the policyholder.

It is reported that the association recommends no stock companies.

Holds N. Y. State Liable

NEW YORK.—The state of New York under direction of the court of claims, must pay \$50,000 for the death of three persons and the injury of two others when a landslide occurred on the Storm King highway near West Point, April 8, 1934.

Aetna Life Visitors' Service

The Aetna Life has appointed a staff of some 40 guides from various departments of the four companies of the group to show guests the numerous features of the home office building. Trips will be conducted hourly during the summer and each takes about an hour and a half. H. W. Meiklem is supervisor of the service. Two new exhibit rooms will be installed. One will house the safety educational exhibit, including safe driving tests and theater for showing safety educational movies. The other will include a fire prevention theater and a display of safety appliances for houses and industrial plants.

Discuss School Bus Rules

LOS ANGELES—Members of the Casualty Association of Los Angeles at a luncheon heard Wm. R. Sharkey, supervisor California state highway patrol, discuss the school bus regulations of the highway department.



**AWAY FROM WORRIES?
YES — BUT RELIEF FROM WORRY CANNOT BE
FOUND BY THE OWNER OF A BUILDING IN WHICH
INTOXICATING LIQUORS ARE SERVED EXCEPT BY
INSURANCE**

The building owner, as well as the tavern keeper, is liable for injuries to persons or property due to dispensing alcoholic beverages on the premises.

The real estate and personal property of the building owner and tavern keeper may be sold to satisfy such judgment.

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For particulars address

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Insurance Exchange

CHICAGO

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N. Y. Law Revision to Be Much Shorter

(CONTINUED FROM PAGE 37)

draft bar payment of dividends out of surplus only in the case of contributions made during the previous three years but that this point had been overlooked but would be included in the third revision.

Mr. Hobbs also criticized a provision in the same section to the effect that "no such company shall at any time pay any cash dividend unless, after providing for such dividend, its surplus to policyholders is at least equal to 50 percent of the net premium written during the next preceding calendar year; i. e., gross premiums written, less premiums returned or cancelled, and less premiums payable for reinsurance on such business as reported in its annual statement." Mr. Hobbs pointed out that in view of the fact that casualty premiums may be anywhere from two to four times the surplus to policyholders this condition seems excessively severe.

Mr. Hobbs also criticized the provision in Section 95 giving the superintendent of insurance the power to reduce any reserve in the case of any company where the amounts set up appear to be excessive. The present law already gives the superintendent power to increase statutory reserves where amounts set up for any company appear to be inadequate, and this power would be continued under the revision.

"There seems very little reason for inserting a statutory yardstick, if the superintendent can cut it down at pleasure in the case of any insurer," said Mr. Hobbs. "There is a constitutional issue involved in this somewhat extraordinary power, which might be worth considering. The power might have some value if used in cases where reserves are clearly excessive. It might be of some damage if used to nurse sick babies along."

Collins Gives Department View

The insurance department's view of this situation, said J. F. Collins, chief of the rating bureau, is that it is more practical to set a higher standard and then let the superintendent exercise special dispensations when these requirements result in excessive reserves than it is to try to get companies whose reserves are inadequate to boost them to what the department thinks they should be.

Under present section 86 (Schedule P in the annual statement) the special reserve on policies written in the three latest years is 60 percent of earned premiums less loss and loss expense payments, the reserve in no event to be less than \$750 per outstanding liability suit. Under the proposed law the percentage is raised to 65 percent and the reserve is required to be not less than the aggregate of the estimated unpaid losses and loss expenses computed on an individual case basis. In the case of workmen's compensation special reserves the proposed draft raises the percentage of earned premiums from 65 percent to 70 percent and cuts the interest rate assumption from 4 percent to 3 1/2 percent.

Magrath Deplores Wordiness

Mr. Magrath said that during his participation in the first draft he was occasionally disconcerted by the tendency towards wordiness and the disposition to cover by specific language every variety of condition that had presented itself in the past as well as every sort of possibility that might present itself in the future, and that the revision contained so much that was new and so little that was recognizable of the present law that comparisons were very difficult.

"In some respects, perhaps, the revision can be both praised and condemned for the same context," he said. "It may be worthy to include in a statute that which has been developed as sound treatment and procedure over years of

administration and yet it may be a serious mistake to give the inflexibility of law to that which has been enforceable under a system of rulings.

"In the first draft of the revision the rating law contained an attempt to include a measure of control over commissions. This is conspicuously absent in the second draft. The change is a tribute to the political influence of producers who feared abuse arising out of legislation on commissions. Their opposition by no means indicates a feeling on the part of producers that commission warfare or excess commissions are favored."

Mr. Magrath warned, however, that the gap in the rating law resulting from the omission of even a filing section with penalty for wilful violation leaves the commission problem under the state's power of persuasion only. This will not suffice unless companies, agents and brokers show that they can regulate and control themselves to the extent of making excessive commissions an infrequent and lesser evil, he said.

Comments on Changes

Commenting on certain features of the second draft which represents changes from the original version, Mr. Magrath said:

"The revision makes the members of the executive or governing committee of a rating organization individually responsible for the compliance of the organization with the provisions of the law. Such a provision was never found necessary in carrying out the provisions of the present law.

"Any new rating organization would have to be licensed, show a sufficient number of members and that it is qualified to function. Some questions exist even now as to the status of some organizations and it is hoped that this change might clear up their status and avoid as well some potential abuses in the creation of pseudo-rating organizations.

Boycotting of Brokers Barred

"The prevention of rating organization control over individual brokers is improved by completely eliminating any authority of the rating organization to boycott a broker. A rating organization recently adopted rules, the effect of which would have been to permit such a boycott.

"The authority for uniform rate deviations is continued with an improvement that permits such modifications by type of insurance. Properly supervised, this is a beneficial provision. The present law which permits deviations according to rating organizations needs change in recognition of the consolidations that have been made tending toward a single rating organization.

"The provision that the rates, rules and standards of a rating organization may be adopted only by members and subscribers grants something of a copyright privilege to the organization. The further language of this subdivision is confusing since it includes reference to companies making their own rates. The first part seems proper but the second part implies stricter control over independent companies than over rating organizations. This is probably not the purpose of the change and is foreign to the purpose of the rating law.

Meaning Not Clear

"The prohibition against unfair discrimination is substantially unchanged except that it has some repetition and fails to indicate that fire insurance rates are referred to where reference is made to 'protection against fire.'

"The requirement that class rates, schedules and rating plans shall be made is not sufficiently clear, nor is the reference to flat or non-schedule ratings although these words appear in the present law. It might be held to mean that an exceptional risk could not be

rated on its merits but must be related to some class, schedule or plan. The expressions 'flat' and 'non-schedule' have been used in different ways and it might be preferable to indicate that what is really meant is that 'different standards' may be adopted under the conditions specified.

Words May Make Trouble

"The power of the superintendent to reduce rates, as expressed in the revision, is related to cases where 'the profit derived or to be derived... is excessive, discriminatory or unreasonable.' I believe that the word 'excessive' sufficiently describes the circumstances calling for the exercise of this power and that the words 'discriminatory or unreasonable' should be eliminated as potential trouble makers. In the same subdivision it is provided that where a finding of excessiveness is 'made' he shall order such rate correspondingly decreased.' The word 'correspondingly' may place an unwelcome burden upon the superintendent and nullify his present power of compromise. I would recommend the substitution of the word 'appropriately.'

"The death sentence for rating organizations which fail to comply with the law should be amplified to provide that the finding of the violation should be based only upon a final order of the superintendent not reversed upon review and that the ban shall be lifted upon removal of the violative condition.

Provision's Omission "Unfortunate"

"The provision in the first draft, permitting an assured to agree to pay a higher rate in order to get coverage where he wants it, has been dropped in the second draft. I have never heard a sound argument against this provision and consider its omission unfortunate.

"Accident and health insurance and title insurance are brought under the rating law in the revision. There is some doubt as to the necessity for or suitability of these additions and the business affected should be fully heard on its objections.

"Modernizing the law to definitely recognize the right to vary rates not only according to the 'hazard' but also according to the 'necessary expense' was included in the first draft but dropped in the second draft. I have heard no reason for this backward step and look forward to possible enlightenment on the subject.

Lauds Professor Patterson

"The patience, perseverance and talent of Professor Patterson in designing the voluminous document called the 'law revision' is deserving of high praise. Few people realize the sincerity of his purpose to produce an eminently fair yet comprehensive law."

T. F. Tarbell, casualty actuary Travelers, cautioned against a tendency to legislate too closely as to exactly what the insurance superintendent shall do in every case. He said he preferred good supervision by the superintendent to an attempt to freeze everything into a code. He said he felt certain that no one has any quarrel with the objectives of the proposed revision but that he did not favor the means in all cases.

At the morning session L. S. Senior, general manager, New York Compen-

sation Rating Board, gave his address as president of the society, his subject being "Principles of Equity Applied to Casualty and Other Forms of Insurance." The following papers were presented: "Graduation of an American Remarriage Table for Joint Life Annuities," Edward Oliniers, actuary and managing director, Previdencia do Sul of Brazil; "Special Funds under the New York Workmen's Compensation Law," G. H. Hipp, actuary, New York State Fund; "The Retrospective Rating Plan for Workmen's Compensation Risks," S. D. Pinney, associate casualty actuary Travelers. Richard Fondiller, secretary-treasurer, said that the 1938 fellowship and associate examinations were held May 18-19. The number taking these examinations, 140, constituted a new high record.

In addition to the discussion of the proposed insurance law revision there was discussion of papers presented at the previous meeting.

To Establish Portland Branch

PORTLAND, ORE.—Neal Bassett, U. S. manager Accident & Casualty, advises that a branch will be established in Portland in the near future.

WE REALIZE THAT INSURANCE COMPANIES ARE NOT INTERESTED IN LOWEST PRICES . . .



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We render prompt, courteous, competent service and cover a territory within a radius of 25 miles of Detroit. Our charges are reasonable.

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EXCESS UNDERWRITERS, INC.

JOSEPH P. GIBSON, JR. PRESIDENT
MORTIMER D. PIER SECRETARY

90 John Street New York, N. Y.

Lydon Reelected Personal Accident Bureau Chairman

(CONTINUED FROM PAGE 37)

its financial effect on the company itself and its effect on the public and on public relations.

It is easy for the underwriter to know whether his product is salable, through the premium income derived from specific contracts. He has a direct contact with agents and brokers, "and it would be surprising if you ever found one hesitant to give you his opinion on the material you have given him to sell," Mr. Metcalf commented.

"You also know from statistical analyses what the loss ratios are and these tell you whether you can afford to sell your goods at the established price. But unless you know a good deal about how the losses are being settled you can't tell whether either the insured public or the company is receiving equitable treatment nor whether your loss ratios reflect a reasonably exact experience according to the facts.

Not to Rectify Bad Guess

"Once a risk is accepted in the light of complete facts and in good faith, the obligation to pay should be carefully preserved in favor of the policyholder. A bad guess initially is no excuse for a claim declination. Claim men are not employed to rectify underwriting errors."

A slogan much used in the merchandising field is that "the customer is always right. . . ." If an article purchased is not satisfactory, another will be supplied or the price refunded. It can't be worked out in that way in insurance, Mr. Metcalf said, as the customer with a claim will in most cases refuse to take back the money he has paid as premium and will insist on specific performance.

Where Claims Usually Are Paid

He then raised the question as to how far it is practical or economically possible for companies to go beyond the written instrument to satisfy their clientele. He took up several types of claims where liability is either absent or very questionable, in which some payment is usually made. These include what he described as "customers' claims," small amounts claimed as a result of conditions not really indemnifiable, but generally regarded by the public as such; claims of somewhat larger size, disposed of for a nominal amount which is usually spoken of as their "nuisance value," and cases where a given result is honestly susceptible of more than one reasonable theory of cause. They usually are compromised. Then there are some fraudulent claims and others where no amount of reasoning will convince a claimant he is unreasonable in his demands.

For best results, he said, underwriters "must have a comprehensive knowledge of how different policyholders' minds work when it comes to the collection of benefits. In no other way can they get an accurate picture of just how important a factor these extra-contractual payments are from the standpoint of premium structure."

Safe Driver Controversy Stirs Chicagoans This Week

(CONTINUED FROM PAGE 36)

several thousand dollars, was defrayed by a certain non-bureau casualty company.

"We are not saying," Mr. Berger stated in reply to an inquiry on this point, "where the money came from or why. The important thing is what has been done. All I can say is that the advertising is costing the brokers association nothing."

Mr. Berger and the others in the administration of the brokers association that arranged for the advertising

are bitter in their expressions about the safe driver plan. They say that the commission reduction feature is not the main reason for their opposition, but Mr. Berger states it does have an important bearing on their attitude. He declares that in the last eight years commissions have been reduced 18 percent but that the overhead of the broker has increased. He states that most of the objection to the advertising has come from those brokers who are rather closely identified with bureau company offices. The independent broker, he states, who maintains an office of his own, endorses what the association has done. Mr. Berger and his associates are taking a very militant position.

Announcement of Meeting

The announcement of the brokers meeting declares:

"Supported by a unanimous opposition of members to the new merit rating scheme, and faced with an entire disregard of our objections by the casualty bureau, the committee appointed by authority voted at the special protest meeting of Feb. 10, 1938, selected a form of advertising designed to leave no room for equivocation in future relationships with assured or company. Taking the broad and long view, the major purpose of the committee's message in the advertisements was to protect the integrity and impregnability of the brokers' position in the field of insurance sales.

"The Insurance Brokers Association of Illinois has gained strength and nationwide recognition by a steadfast adherence to the principle of safeguarding the interests of members and the insuring public. Some members are unnecessarily agitated over an impossible reaction to the advertisement. Others are proud of the militant leadership that meets a vital issue in a timely and aggressive manner.

"Your field day is May 26, at 2:30 P. M. I hope you will come up to bat for what you think is right—which is no more than what your officers and directors are earnestly trying to do."

Ohio Seeks to Effect Company Understanding

(CONTINUED FROM PAGE 30)

tle the issue, the production of whom would entail further cost and inconvenience. It is absurd, the English publication points out, that insurance companies should fight each other when over a period they will come out even by a "knock-for-knock" agreement and on top of it save considerably in claims settlement cost.

There has been some criticism of the "knock-for-knock" agreement on the theory that it stands in the way of a continuation of the no-claims bonus. In other words, matters have not been properly investigated and the blame is allocated to the other fellow. However, the no-claims bonus is not a no-blame bonus. In Canada the merit rating system degenerated into a no-blame bonus and the whole bonus system has collapsed.

Four Types of Agency Meetings Higdon Says

(CONTINUED FROM PAGE 26)

be less desirable because of the greater amount of time required and the much larger staff that would be necessary."

Alpaugh for Regional Rallies

W. P. Alpaugh, vice-president Inter-Ocean Casualty, told something of his company's experience with conventions. He said it had found the holding of group conventions from year to year unsatisfactory from several standpoints. He said the week before a convention the agents were inclined to slow up and it took them a week or two afterward to get up momentum again. For several years it has been holding regional meetings, with a small number in attendance

and the meeting entirely in the hands of the men, which have worked out especially well. The big advantage is that every subject brought out is discussed by everyone present.

John A. Keelan, vice-president Time, emphasized that no matter what the form of purpose of a meeting, all material to be presented should be carefully prepared and rehearsed, so that there will be no lag.

Fairchild Cites Motivating Force Behind Program

(CONTINUED FROM PAGE 35)

cident problem under control. He told how the claims bureau of the association and its nation-wide index bureau system are operating to combat fraudulent claims. In the final reckoning the public pays for the fraudulent claim racket, he said, and the claims bureau stands ready to help regularly constituted authorities in the investigation and preparation of cases involving the faking of insurance claims.

"That the problem of occupational diseases is becoming better understood by the public and by business as a whole," Mr. Fairchild said, "is due in no small way to the association's committee on the Occupational Disease Situation. The committee's findings have been of great assistance to employers, to legislative interim commissions and to the companies. This fact finding is a basic work, and if our treatment of the occupational disease problem can be based upon a firm foundation of fact and a realization of practical difficulties, we need have nothing to fear."

Robertson's Assurance

The present system of privately conducted insurance supervised by a state administrative agency can fairly and competently meet the insurance needs of the public, Superintendent Robertson of Missouri declared in a talk. Managements which conduct their business according to law will have no trouble with the department, he assured, but others who defy the law will have difficulties. Agents who recognize the public nature of their profession similarly never will be at odds with the department, but those who refuse to meet their public responsibilities will not knowingly be licensed.

Superintendent Robertson said when he entered the department last October he found some depression wreckage, there being 38 receiverships, some active and others which had been dormant for years. Since then, he said, 18 have been closed, and seven others will be closed within two months. He estimated an additional seven can be closed in the next eight months and the remaining six are being actively prosecuted but it is not possible to estimate how much time will be required to wind them up. There is no Missouri company operating under a moratorium today, he said.

Distribution to Start Soon

Mr. Robertson reported a recent supreme court decision made him custodian of the excess premium collections in the famous 16 2/3 percent fire rate case, of which funds he has to date received about 22 percent. Return of

the money to policyholders will be started this summer, he said, if he is not hampered in discharge of his duties.

He asked for cooperation of all groups in assisting the department in its efforts to make sure that privately conducted insurance under state regulation meets the test of the times. Mr. Robertson said sound companies and fair agents cannot render their best public service unless unsound companies and unprincipled agents are prohibited from competing with them. The department will not tolerate operation of unsound companies in Missouri or unlawful agency practices.

R. B. Jones & Sons Offer Mexican Auto Coverages

KANSAS CITY, MO.—R. B. Jones & Sons are now offering Mexican insurance through arrangements with La Azteca Company of Mexico City. The agency is one of the first outside of Texas where the coverage can be secured direct. Insurance consists of fire, theft, collision, P. L. and P. D. For cars valued up to \$600 (no car is insured by La Azteca for more than \$2,000), fire, theft, hail; P. L. in limits of \$1,500 to \$3,000; P. D. \$500, and \$25 deductible collision, the premium is 50 cents a day plus policy fee of \$1.50 and 2.64 percent Mexican government tax on the premium. The premium is in American money, P. L. and P. D. payments are in pesos and can be purchased without fire and theft, if desired. Coverage in American companies also is suggested in event of accident with another American tourist.

The agency is recommending membership in the Mexican Automobile Association, at \$1.50 a month, which arranges tourist passports, and exchanges money at bank rates.

Bay State Appeal Bill Signed

BOSTON—A bill just signed by the governor allows car owners of Massachusetts, and companies as well, to appeal from findings of the board of appeal in compulsory automobile liability insurance cancellations to the superior court, under certain conditions. The decisions of the appeal board will be final only when they hold the car owner is not a proper person to whom a policy of insurance should be issued. To qualify to appeal to the superior court the aggrieved car owner or company must file notice with the insurance commissioner's office ten days after the finding of the board of appeal.

Newton Goes to Greensboro

GREENSBORO, N. C.—E. Lowell Newton, well-known North Carolina Insurance man, has been appointed office assistant and special agent for the Merriman Insurance Agency here. He is a native of Hickory, N. C., and has been associated for a number of years with the Washington branch of the Aetna Casualty & Surety Co.

Buskin Returns to England

NEW YORK.—After several weeks visit at the United States branch of Norwich Union and Norwich Union Indemnity, S. M. Ruskin, accident manager at the home office, sailed for England May 25.

DEFICITS IN N. Y. COMPENSATION FUND

(CONTINUED FROM PAGE 35)

following questions in connection with vocational rehabilitation fund: Should the work of rehabilitating injured employes be extended? Should the contributions to this special fund in each no dependency death case award be re-

duced? Should the surplus of this special fund be used for other purposes than those originally contemplated?

In the table following is the status of the four special funds which Mr. Hipp discussed at length:

	Statement as of	Assets	Liabilities	Surplus (or Deficit)
Second Injury Fund	12/31/36	\$ 992,167.30	\$1,852,781.95	—\$ 860,614.65
Reopened Case Fund	12/31/36	201,702.88	2,785,099.00	— 2,583,396.12
Vocational Rehabilitation Fund	6/30/36	746,356.46	250,000.00	496,356.46
Aggregate Trust Fund	12/31/37	5,794,568.16	5,837,863.47	—43,295.31

POINTERS FOR LOCAL AGENTS

Streamlining Agency Office Discussed by Beling

Streamlining modern agency office operations is a field offering great possibilities, Oscar Beling, superintendent of the agency systems department Royal-Liverpool groups' head office, New York, told the New York State Association of Local Agents in mid-year meeting at Syracuse this week.

Several years ago Mr. Beling started a study of agency business administration problems and secured many valuable ideas which he used as the basis for formulating what he calls the "streamlining principle." Its use has been quite successful in a number of agencies.

Streamlining, in the field of transportation means cutting unnecessary weight, he said; encumbrances might retard progress. Many insurance agencies have evolved from early beginnings, expanding original systems and personnel to meet urgent needs without requisite study of related office operations to promote efficiency and control expense. The streamlining to which Mr. Beling referred eliminates such bulk of detail and superfluous operations.

Many Agency Details

"Every agency is confronted with a mass of detail," he said. "This detail falls into one of two major categories, mechanical and production. It should be our aim to reduce mechanical detail to the lowest possible minimum consistent with adequate service to the clientele and thereby provide more time and opportunity for planned production activities."

"A definite, well-considered sales program is the first requisite. In these days of declining rates, keener competition and new and attractive forms of coverage, most forward-looking agents are turning more than ever to the survey method of solicitation whereby each important client's insurance program is analyzed as a whole with the object of offering complete and adequate protection against any insurable contingency.

"In order to prepare such surveys intelligently, proper line records should be maintained from which the business already written can be determined readily and, consequently, the coverages subject to solicitation. To put it another way, line records, to be truly effective, must serve the dual purpose of reference records and production media.

Discusses Line Records

"There are many different types of line records. Such as I have been privileged to examine include separate cards, copies of invoices, the insureds' ledgers, more or less elaborate index files, etc. One of the most effective forms I have seen is a line folder in which are placed all daily reports and pertinent correspondence relating to an insured regardless of class of business and the filing face of the folder is designed as the line record. These folders are maintained in alphabetical sequence on the theory that an agency's contacts with its customers are based on the insureds' names rather than the companies or expiration dates, and the service to the clientele is thereby accelerated.

"The development of a closely-knit sales organization depends largely on intelligent direction of effort and, where the volume of business warrants such action, the control of selling activities has been delegated to a sales manager. Weekly sales meetings are considered an excellent means of increasing the producers' knowledge of the

ever-changing forms of coverage. Specialists may be developed for various classes of business enterprises or for the major divisions of insurance. In some instances, territorial segregation by solicitors has been found helpful. In general, the scope of planned sales activities is determined measurably by the specific conditions prevailing at each agency.

Also Streamlines Staff

"Another subject receiving increasing attention from progressive agents is the office staff itself. Again we may apply the streamlining principle by centralizing each of the mechanical functions such as policy writing, stenographic service, filing, mailing, loss detail, etc. In the larger agencies, separate units are established for each mechanical division. In the smaller agencies, excellent results have been accomplished by making each employe responsible for some one major function to which all other duties are subordinate.

"It may be well to consider developing sales consciousness in the office personnel. Many agents are inclined to overlook the definite value of a well-trained enthusiastic and production-minded 'inside' staff in stimulating sales and, at the same time, keeping expenses at a minimum. A number of progressive and successful agencies have made it a point to use the staff in building up information on the insurable possibilities of their current clientele.

"An agent in New England who does not use a switchboard has made a hard and fast rule that no telephone in the office shall be allowed to ring the second time before it is answered. This illustrates the importance of the proper telephone contact. Suppose we consider the contact by letter. Many agents, recognizing the importance of this approach to the insuring public, make special efforts to have their correspondence truly distinctive and representative. It also follows that the phraseology

receives careful attention in order to present a clean-cut, friendly and informative message.

"The study of office systems in general presents a wide field for discussion not only because of the many factors involved but also since practically every agency has its own peculiar problems. The accounting methods in particular vary in accordance with the premium volume, the agency set-up and, of course, the individual preference. In the final analysis the simplest system is also the most effective.

"In every well-conducted agency it has been my privilege to visit, there is established some definite collection policy which is rigidly maintained. I realize that many agents, for competitive reasons, believe it necessary to extend credit in certain cases but experience has taught us that this practice is likely to be overdone. When one considers that the unpaid accounts of an agency represent so many assets which do not produce income and that really good business is seldom lost by insisting on prompt payment, it becomes all the more imperative to take a firm as well as diplomatic stand on collections.

Agent's Collection Method

"An agent I visited last year follows a plan which has proven quite effective. As a policy is written, he intimates that the premium is due at the inception of the risk but he will be glad to allow up to 30 days for payment. He asks the client pointedly whether these conditions can be met. If not, and the circumstances warrant, arrangements are made immediately for a definite method of payment supported by a premium note. An important point is that the arrangements are perfected at the beginning of the policy term and not when the item has been outstanding beyond the prescribed limits of credit. If payments are not made when due, cancellation notices are sent promptly. It is the agent's belief, in which I believe you will concur, that a cancellation for non-payment is not so much a loss of business as it is a guarantee against loss of profit.

"Streamlining office operations in an insurance agency can and does produce dividends. Every savings effected is the equivalent—from the profit standpoint—of acquiring a substantial new line of business."

Rate Reduction Methods Told Insured Buyers Group

KANSAS CITY—The simplest prescription for "What Can We Do to Reduce Our Insurance Rates for Fire and Allied Lines" is to prevent fires, and, failing to do so, extinguish them as quickly as possible if and when they occur, R. L. Stewart, Sr., of R. B. Jones & Sons, told members of the Insured Buyers Conference of the Associated Industries of Missouri at a meeting here.

Urges Periodical Surveys

Discussing origin of rating methods, he said U. S. fire loss for the past ten years of slightly over \$379,000,000 a year, or more than a million a day, calls for funds to meet losses and company expenses that can come from only one source, contributions in the form of premiums on all the individual risks insured. He analyzed the analytical rating system which he considers far superior to the universal system. He stressed causability, combustibility and damageability, stating application of analytical rating assures the insurance buyer discrimination as between risks of like character under similar water

protection and like occupancy. The burning ratio is the factor that establishes insurance cost.

It therefore behooves assured periodically to have a survey of his plant made by his insurance representative, to ascertain if there are any features that may be modified, whether changes in schedule have been made since the last rating which would work to his advantage in rerating.

Among items that might reduce rates he mentioned:

"(1) If you own the building, see that it is made as nearly standard as possible, such as replacing frame or ironclad additions or sheds by brick construction; replacing wooden cornices with metal or remove entirely.

"(2) Replace wooden or ordinary skylights with metal skylights and wired glass.

"(3) Protect stairways and elevator openings with standard enclosures.

"(4) Close all openings into roof space, or provide with hinged cover.

"(5) Install approved fire extinguishers.

"(6) Protect outside windows and doors to exclude exposure.

"(7) Replace all rubber or flexible tubing with rigid iron pipe.

"(8) Provide proper clearance from wood for stovepipe and smoke stacks and above furnaces.

"(9) See that all electric wiring and appliances are standard, particularly electric irons, which should be equipped with pilot light.

"(10) Limit amount of gasoline to the minimum, and keep in approved Underwriters' safety can.

Average Rate Reduction

"The National Board," Mr. Stewart said, "has been instrumental in bringing about reduction of insurance costs. The average rate on all fire insurance written by the 250 members has been reduced in 30 years by 40 percent."

He cited figures on fires in Kansas City the first two weeks of May as illustrating the value of carefulness. In that period 74 fires were reported, 25 percent being caused by careless handling of cigarettes. If the rule were followed that a cigarette be extinguished before being thrown away, he said, fire cost would be materially reduced before long. He suggested also the writing of risks on three or five year term basis. Under present rules practically all risks, except mercantile stocks in unsprinkled buildings, can be written for a term, at 2½ premiums for three years and four times for five years. Financing premiums inexpensively has removed objection of buyers that such purchases called for a large premium outlay in advance. A second objection was that losses during the policy period require reinstatement of premium for unexpired term. Companies now insure unearned premium for a nominal sum.

Interest Charge Elimination

Interest charge on term payments can be eliminated by writing insurance for a three-year period, paying full three years' premium in advance, and at the end of each year canceling and rewriting one-third of the line for a full three-year period. After two years, Mr. Stewart said, the three-year rate would be enjoyed while paying one-third annually without any penalty.

Allied line rates have been reduced more than 50 percent during the past three or four years via the supplemental contract.

"We have no suggestion to bring about a further reduction except in specific cases until sufficient experience has been accumulated to determine the proper level of these rates," Mr. Stewart said. "The broadening of the coverage under the supplemental contract over the coverage available previously has introduced hazards on which no experience figures are available."

Extra Expense Cover Found to Offer Opportunity

Possibilities of extra expense cover were discussed by W. D. Wilson, New York state agent Niagara Fire, Syracuse, at the annual convention of the New York State Association of Local Agents held in his city. In a general sense this is another coverage to insure a profit and loss statement rather than insuring brick, mortar and contents, as was the original idea of fire insurance, he said. It will be found a very interesting form to sell, because it fills a need which has not heretofore been supplied by companies.

This insurance covers newspapers, milk dealers, bakeries, laundries, homes or hospitals maintained by endowment,

(CONTINUED ON LAST PAGE)

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FIRE INSURANCE NEWS BY STATES

MIDDLE WESTERN STATES

Illinois Agents Meeting On

Midyear Convention Is Being Held This Week with W. H. Jennings, Jr., of Rockford in Charge

EAST ST. LOUIS, ILL.—The mid-year meeting of the Illinois Association of Insurance Agents will be held Thursday of this week. It had a flying start by a meeting of the officers and board of directors Wednesday evening. W. H. Jennings, Jr. of Rockford is in charge of the meeting. The welcome will be given by the mayor of East St. Louis and W. Herbert Stewart of Chicago, chairman of the board of the Illinois association, will respond. One of the features will be an address by William Leslie, general manager National Bureau of Casualty & Surety Underwriters, from New York on the safe driver reward plan. Mr. Jennings will give a report of the administration. P. B. Hosmer of Chicago, who succeeds his brother, the late Rockwood Hosmer as national councillor, will give a report. S. E. Moisant of Kankakee will give the report of the secretary and treasurer.

Luncheon Conferences

At noon there will be two luncheon conferences, one devoted to rural agents with Mark I. Hall of Belvidere, chairman of the rural agents committee, presiding, and the other on local boards by James J. Beattie of Rockford, chairman local boards committee, in charge.

At the afternoon session, J. O. Brown, division supervisor of licenses of the state department of insurance at Springfield, will give a talk. E. D. Lawson, western manager of the Fireman's Fund, will speak on the personal property floater and answer questions.

At the banquet Mr. Jennings will introduce the toastmaster, Henry S. Moser, attorney of Chicago. The speakers will be Wade Fetzer, Jr. of Chicago, vice-president W. A. Alexander & Co., who is third vice-president of the Illinois association, and Attorney H. Grady Vien of East St. Louis. He is a brother of Aleck S. Vien, local agent at East St. Louis.

J. Harry Clanahan, president of the East St. Louis Association of Insurance Agents, is chairman of the local arrangements for the mid-year meeting. The local papers and the local radio station WTMV are cooperating in publicity. Mr. Clanahan expects that there will be 250 at the banquet. He finds that there is great enthusiasm on part of the local agents in his city over the coming of the state meeting. W. L. Husband is vice-president of the local board; R. F. Salvage, secretary; Tim E. Dowling, treasurer. R. N. Smith is chairman of the legislative committee; T. L. Fekete, Jr., grievance; R. F. Salvage, membership, and Tim Dowling, publicity.

To Seek More Members Among Agents and Brokers

ST. LOUIS—The Fire Underwriters Association of St. Louis contemplates an intensive campaign for new members, especially in St. Louis county, if the membership approves the proposed amendments to its constitution and by-laws on May 31, Arthur F. Felker, president of the association, says.

President Felker, who also heads the Laclede Insurance Agency, said that while the proposed amendments will broaden the field of activity of the association, pushing its boundaries into St. Louis county as far as Lindbergh

Drive, which includes all of the more populous areas of the county, it will not broaden the scope of the association's work as it will continue to function as in the past.

The concession waiving the entrance fees between June 1, 1938, and Jan. 1, 1939, will make it financially possible for a large number of the smaller insurance agencies and brokers of St. Louis county to join the organization. The executive committee also contemplates a campaign of public relations and publicity.

The name would be changed to Insurance Board of St. Louis. Members would be required to represent companies that are planted exclusively with association members. Class 3 members would be eliminated.

St. Paul School Insurance Moves Step Closer

ST. PAUL—Placing of insurance on \$7,500,000 worth of school property in St. Paul came a step nearer when the city council opened bids submitted by agents.

Low bid of \$18,745 for three years coverage was submitted jointly by a group representing members of the Insurance Exchange of St. Paul, non-exchange members and General of Seattle.

The exchange members were represented by W. A. Lang, Inc., the non-exchange members by the Dan I. York agency and the General by John W. Mitchell.

Then A. A. Stewart, representing mutuals, succeeded in having the council delay action.

For years the city has carried no school insurance and in recent years has taken some heavy losses. Insurance men have been quietly working with city officials in an effort to have the property covered and the latest city budget set aside a fund for that purpose.

Successful B. D. Meeting Is Held at St. Joseph, Mich.

ST. JOSEPH, MICH.—More than 100 agents and field men attended a successful Business Development meeting here sponsored by the Michigan Association of Insurance Agents. A large number of St. Joseph and Benton Harbor agents and stock company representatives of the southwestern Michigan area attended.

Speakers included: J. J. Hubbel, Royal group; R. O. Young, North America group; J. R. Baker, National Union; Ray Jennings, Rhode Island; J. W. Mundus, Ann Arbor, chairman state association B. D. committee and former president; W. O. Hildebrand, Muskegon, association field secretary, and Peter Lovell of the Merrill & Lovell agency, Benton Harbor. Mr. Hildebrand was chairman. Mr. Young's talk on "The Dauwalter formula" precipitated the most discussion. The next B. D. session is scheduled for June 2 at the Morton hotel, Grand Rapids.

Department Probes Adjusters

LANSING, MICH.—Complaints regarding alleged violations of the Michigan department's rules by independent adjusters operating in the Detroit area have resulted in the department launching an investigation. An official of the Detroit arson squad told department officials the practices approximate those of ambulance-chasing lawyers in some localities. The department has iron-clad rules governing conduct of adjusters for the assured. There are only 19 licensed

independent adjusters operating in Michigan, department records indicate.

In the Detroit area it is said a number of independents are contractors who sought licenses on the ground they otherwise were unable to obtain repair jobs after fires. It is this class that appears to have aroused the Detroit arson squad. It is understood a preliminary hearing has been held and another is contemplated. Seth Burwell of the department's licensing division is in charge of the probe.

Cambridge and Sidney, O.,

The Ohio Association of Insurance Agents and a committee of farm-writing company field men held a meeting at Cambridge and scheduled another at Sidney, Thursday. Speakers at the Cambridge meeting were F. E. Kirkpatrick, local agent at Columbus, and Paul Wilder, state agent of the Ohio Farmers. T. M. Lynnoff, Zanesville, is district chairman. P. W. Tribolet, Bellevue, chairman of the farm writing committee, and Robert Engle, state agent of the Home, will address the Sidney meeting. The general theme is competition of non-agency companies.

Olds and Galster Honored

John P. Olds, Sault Ste. Marie, Mich., representing Continental, and John L. A. Galster, Petoskey, Mich., representing Fidelity-Phenix, were presented with electric clocks in recognition of their twenty-fifth anniversaries with America Fore. Assistant Secretary C. J. Lingfelder and State Agent Don F. Goss visited northern Michigan to present these emblems.

Mellen Buys Waukegan Agency

Carl E. Mellen, formerly assistant manager of the Travelers casualty department at Toledo, has purchased the Waukegan Underwriters Agency at Waukegan, Ill., from C. F. Cremer. Mr. Mellen has been with the Travelers eight years, first in Chicago and then at Toledo. Previously he was connected with the Mutual Life of New York. Mr. Cremer has not announced his future plans.

Lakewood, O., Celebrates

Lakewood, O., which carried off first honors for the tenth consecutive year in the 1937 inter-chamber fire waste contest among cities of its size, celebrated with a monster rally at a dinner Monday evening. R. E. Verner of Chicago, Western Actuarial Bureau, was the chief speaker.

Agents Get Manitowoc Line

MANITOWOC, WIS.—The council has voted approval of a tentative setup of the \$350,000 line of fire and wind-storm insurance on city buildings and contents, and authorized the finance committee to work out final details with the Manitowoc Insurance Board. Alderman Klusmeyer, chairman of the finance committee, led an agitation for state fund coverage. E. J. Scholten of the local board explained advantages of placing the business with the local agents.

Manitowoc Mutual in Michigan

The Manitowoc Mutual Fire of Manitowoc, Wis., has been licensed in Michigan. Junius H. Pleuss, secretary is the guiding factor in the organization. The same interests control the Great Lakes Mutual Fire & Marine of that city, which company is specializing in insuring fishermen.

Plans for Missouri Meeting

ST. LOUIS—Morrison Clevlen, Poplar Bluff, president Missouri Association of Insurance Agents, while here dis-

To Preside at Mid-Year Meet of Illinois Agents



W. H. JENNINGS, Rockford, Ill.

W. H. Jennings, Jr., of Rockford, president of the Illinois Association of Insurance Agents will preside this week at the mid-year meeting at East St. Louis. This is the first time that the association has met in that city.

cussed preliminary plans for the annual meeting of the state organization to be held here about Oct. 15.

Indiana Changes Made

R. V. Cherry of the Detroit office has been appointed manager of the Gary, Ind., branch of Western Adjustment, succeeding H. G. Johnson, transferred to the south side office, in Chicago and Cook county. He is a 12-year man with the Western. Prior to his Detroit assignment he was manager at Lincoln, Neb.

Adjuster G. F. Hoffman of Fort Wayne, Ind., succeeds C. S. Pennewell as resident adjuster at Logansport, Ind. Mr. Pennewell will occupy Mr. Hoffman's former post at Fort Wayne.

Organizing at Cadillac, Mich.

CADILLAC, MICH.—A local board of wide scope to be known as the Tri-County Association of Insurance Agents is being organized here. Waldo O. Hildebrand, Muskegon, field secretary Michigan Association of Insurance Agents, held a preliminary meeting and organization is expected to be perfected at the next session.

Premium Tax in Ohio

Superintendent Bowen of Ohio has advised companies that in conformity with the famous Connecticut General Life decision, in computing premium taxes, credit may be taken for premiums ceded under reinsurance arrangements effected outside of Ohio. If such credit was not taken in the annual reports for 1937 that have been filed, adjustments may be made at the time of the payment of the last half of the tax that is due in August.

Detroit Prevention Rally

R. E. Verner of Chicago, Western Actuarial Bureau, spoke at a fire prevention luncheon Tuesday of this week at Detroit on "An Industrial Hot Box." Paxton Mendelssohn, chairman of the fire prevention committee of the Detroit board of commerce, presided as chairman. It was a joint meeting of the Detroit Kiwanis Club and the Michigan

State-wide Safety Conference. One session of the conference was devoted to the "Handling of Petroleum Products and Other Inflammable Liquids." L. E. Bailey of the Detroit fire department demonstrated the "Static Hazard of Handling Inflammable Liquids." C. B. White of the American LaFrance & Foamite Co., told about the "Safe and Efficient Methods of Fighting Petroleum Fires." H. H. Mills of the department of building and safety engineering in Detroit had as his subject, "Hazards in the Industrial Use of Inflammable Liquids."

File Mid-West Mutual Suits

COLUMBUS—The Ohio department has filed suit in the common pleas court at Columbus against 208 individuals and firms in which judgment is sought for assessments in the liquidation of Mid-West Mutual of Toledo.

Storm Loss Exceeds Million

The storm in the middle west March 30 produced some 7,700 losses for a total amount of \$1,039,000, according to figures compiled by Western Adjustment. That organization handled 5,889 losses for an amount of \$854,000. The Western Adjustment handled 480 losses in East Pekin, Ill., for \$300,000; St. Louis district, 1,464 losses for \$182,000; Columbus, Mo., 650 losses, \$120,000;

Belleville, Ill., 185 losses, \$120,000; Mt. Carmel, Ill., 1,400 losses, \$78,000; Waterloo, Ia., 910 losses, \$30,000; Joplin, Mo., 600 losses, \$24,000.

Minnesota Regional Meeting

The Southern Minnesota Agents Regional Association met at Owatonna. J. M. Ganley, district supervisor of the bureau of motor carriers under the Interstate Commerce Commission, discussed the safety regulations of the I. C. C. pertaining to buses and trucks. Charles Mehagan, Minneapolis manager of the Western Adjustment, spoke on the adjustment of fire losses and the agents' part in this phase of the business. Reports on the regional meeting at Worthington and on the National association mid-year meeting at Hot Springs were made by Howard Williams, Francis McGovern and M. G. Rolfson.

T. W. Garrett Agency Changes

The T. W. Garrett, Jr., general agency, Kansas City, Mo., is moving to enlarged quarters on the third floor of the City National Bank building. It has been located in the Board of Trade building for the past 10 years. L. B. Krause, local agent at LaCrosse, Kan., has been made special agent for the agency in Kansas, working with Charles S. Dunn, Kansas state agent, with headquarters in Wichita. Ted Rhodus, associated with the Garrett agency 12 years and manager the past two, is resigning to go to Colorado. He will be succeeded by G. W. Swinehart of Kansas City.

Fire Marshal's Income Down

LINCOLN, NEB.—State Fire Marshal Davis is ruefully regarding shrinking finances. Last year receipts were \$16,586 and expenses \$18,046, bringing down cash reserves to \$3,540. This year, due to the shrinkage in the premium volume, contributions of fire companies are expected to be fully 20 percent less than last year. Salaries call for \$10,000, and employes are at the minimum. Funds are derived from a tax of 3/4 of 1 percent of premiums collected by stock fire companies and non-resident mutuals and from 1/2 of 1 percent on home mutuals.

Plymouth Goes to State Fund

PLYMOUTH, WIS.—The council has awarded the builder's risk insurance on the new city hall to the Wisconsin state insurance fund for one year, with 80 percent coinsurance and including extended coverage, vandalism and malicious mischief. Much of the city property is already insured in the state fund.

B. W. Weenink, George Burgart, Roland Schelbe and Ira Wensink, local agents, had argued that the insurance be placed locally with taxpayers and brought out points in favor of such procedure.

Missouri Feud Flourishes

COLUMBIA, MO.—Circuit Judge Dinwiddie has taken under advisement the motion of Attorney-general McKittrick for dismissal of the suit brought by

Superintendent Robertson asking for instructions regarding the distribution of impounded premiums in the state court 16 2/3 percent rate increase case.

Judge Dinwiddie made it clear that he would not hear any evidence tending to show that Mr. Robertson had not acted in good faith in filing his petition nor that the suit was the result of a conspiracy between Mr. Robertson and his attorneys.

McKittrick has attacked Mr. Robertson, his attorney, Boyle G. Clark of Columbia, and Governor Stark.

In a letter, McKittrick charged the governor with blocking the immediate distribution to policyholders of the \$1,651,986 in impounded funds. The letter was sent after Governor Stark assumed full responsibility for Robertson's suit

which was filed to clarify the administration of the funds.

"If you had not caused the suit to be instituted," McKittrick wrote to Stark, "the policyholders would now be receiving their money. You well know that this is an effort to take money the supreme court has decreed belong to the policyholders to pay expenses of the insurance department, and to prevent the legislature from having any control or supervision over the expenses."

Middlewestern Notes

H. L. Simmons, 74, of Lovelace-Simmons-Burke agency, died at his home in Kansas City.

A. C. Roberts, well known local agent at Olney, Ill., will give his fourth annual outing party at the country club June 2.

IN THE SOUTHERN STATES

Midyette at State Meetings

Florida Insurance Leader Spoke Before the Mississippi and Louisiana Agents' Associations

Payne H. Midyette of Tallahassee, Fla., member of the executive committee of the National Association of Insurance Agents, addressed both the Mississippi and Louisiana annual meetings, the latter being at Alexandria, La., and the former at Biloxi. He called attention to two major issues which have created friction between the organized companies and agents. First of these was the new agency contract which was later adjusted after a conference. The other was the safe driver reward plan promoted by the National Bureau of Casualty & Surety Underwriters. He said that he was in full accord with the principles of the safe driver reward but not in accord with its application. He emphasized the fact that the bureau should have taken the agents into its confidence and agreed upon the manner of its promulgation and setup.

Mr. Midyette stated that he believed that organized agents and organized companies understood each other better and that in the future there should be a definite expression of confidence between the two as well as a spirit of real cooperation. While the relations between the National Association of Insurance Agents and the fire companies' organizations are cooperative, he said that the organized casualty and surety companies do not seem to feel the same necessity of working in close harmony.

Mutuals Form New Agency

ALBANY, GA.—The Lumbermen's Mutual Casualty has withdrawn from the Ventulett & Pace agency and the Lumbermen's Mutual Fire from the Albany Insurance Agency and have established a new agency, the Merchants & Manufacturers Mutual Agency.

D. S. Wagon has opened an agency at 211-12 Georgia Casualty building, Macon, Ga.

Outline Kentucky Program

Agents to Hold Annual Meeting in Louisville — Activities to Start June 16

LOUISVILLE, KY.—The program for the annual meeting of the Kentucky Association of Insurance Agents is now virtually complete, according to Secretary-Treasurer Peyton B. Bethel, Louisville.

The program as arranged calls for a meeting of the officers and executive committee members at the Brown hotel, the evening of June 15, the meeting following a dinner, and with A. T. Whitt, of Winchester, Ky., vice-president, presiding.

On the morning of June 16, the convention will be opened by President Dwight R. Peel, of Benton, Ky., who will deliver his annual address. Reports will also be heard from Secretary-Treasurer Bethel.

Sidney O. Smith, Gainesville, Ga., member executive committee, National association will discuss "Orthodoxy in Insurance."

Insurance Director Goodpaster and members of his staff, including Theodore Hageman, assistant director; Vernon Rooks, actuary; and D. P. Vandivier, superintendent department of fire prevention and rates, will be introduced and heard from. Mr. Vandivier until recently was a special agent of the Travelers in Louisville.

Judicial bonds will be the subject of Will Love, Atlanta, Ga., field superintendent U. S. F. & G.

A report on accident prevention will be made by National Councillor G. R. Reed, Columbia, Ky.

The meeting will adjourn for a luncheon tendered by the Louisville Board of Fire Underwriters.

Program for Afternoon

At the afternoon session a talk on Business Development and Organized Sales will be made by Will S. Ellis, of the Royal Liverpool group, from Chicago.

R. R. Williams, Louisville, will render a report for the legislative committee.

A report on the rural agents committee will also be made by President Peel, as chairman of that committee.

An address will be made by Thomas C. Jones, agent at Hopkinsville, Ky. A talk on "Rural Agents Problems," will be made by a speaker who has not definitely agreed as yet to the assignment.

This will be followed by an open forum discussion on how a local agent can assist the department of fire prevention and rates, with D. P. Vandivier, chairman.

Judge Harry B. Wilson, of Irvine, Ky., chairman of the membership committee, and a former president of the state association, will report on membership.

On June 17, Joseph F. Murtaugh, assistant superintendent of agencies, for

You'll like the friendly interest of our organization. Maybe you're eligible to represent us. Write.

SINCE 1854

THE PHOENIX INSURANCE COMPANY
OF HARTFORD, CONNECTICUT

Cash Capital, \$6,000,000.00
Surplus to Policyholders, \$44,807,872.44

You will be kept up-to-date in insurance coverage as an agent for this company. Find out if there is an opening in your territory.

SINCE 1850

Connecticut FIRE INSURANCE CO.
OF HARTFORD, CONNECTICUT

Cash Capital, \$2,000,000.00
Surplus to Policyholders, \$15,190,811.89

Put more business on your books - represent this organization.

SINCE 1854

THE PHOENIX INSURANCE COMPANY
OF HARTFORD, CONNECTICUT

Cash Capital, \$6,000,000.00
Surplus to Policyholders, \$44,807,872.44

You will be helped to sell if you become an agent for this company.

SINCE 1859

FOUTABLE
Fire & Marine Insurance Company
PROVIDENCE, R.I.

Cash Capital, \$1,000,000.00
Surplus to Policyholders, \$5,434,071.36

You back your sales efforts with adequate facilities when you become an agent for this company. Write.

SINCE 1854

THE PHOENIX INSURANCE COMPANY
OF HARTFORD, CONNECTICUT

Cash Capital, \$6,000,000.00
Surplus to Policyholders, \$44,807,872.44

the Travelers, from Hartford, Conn., will open the session with a talk on "Why the Agent Should Sell Indemnity Lines."

R. M. Beckwith, assistant manager, Western Actuarial Bureau, Chicago, will discuss extended coverage and other forms.

Reports will then be heard from the resolutions committee and the nominating committee, and this will be followed by election of officers.

The program will be completed with the run off of the film "Approved by the Underwriters Laboratory," introduced by John R. Thompson, of the Kentucky Actuarial Bureau.

Study Rates in Mississippi

Legislative Commission Intimates Reductions from 5 to 20 Percent May Be Made Soon

JACKSON, MISS.—Early reduction in casualty, fire, and liability insurance rates in Mississippi was predicted by members of a legislative investigating committee in session here. The reduction was estimated to be from 5 to 20 percent. The contemplated reduction was said to have been revealed at a meeting of committeemen with members of the Mississippi insurance commission and Commissioner Williams. Formal statement on the reduction is expected soon to be made.

Members of the committee were quoted as saying experience of the last five years led to the move for a reduction. The legislative investigation into rates was authorized by the legislature and the committee began work this week. A. F. Jordan, Washington, rate expert, was employed to advise the commission. An exhaustive study into prevailing rates in the state in comparison with rates in other areas will be made. Rates in other southern states will be examined, Texas probably being the first state to be visited.

New Roanoke Local Board; Many Regional Meetings

A local board has been formed in Roanoke, Va., headed by Harvey B. Gray. Other officers are: Robert C. Royer, vice-president, and Robert Cochran, secretary. The board, which includes Roanoke county as well as the city of Roanoke in its jurisdiction, starts off with 14 charter members. A committee consisting of Robert C. Royer, J. D. Boswell, Jr. and C. A. Gittens will draft the constitution and by-laws.

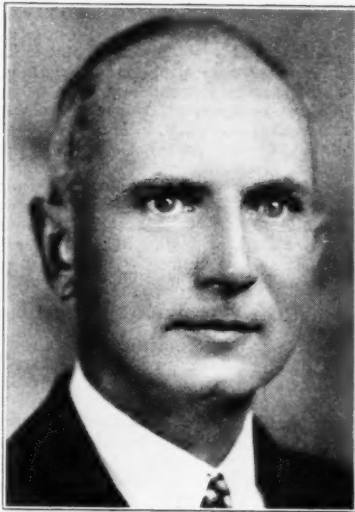
Foundation for organization of the board was laid at a recent regional meeting held in Roanoke, sponsored by the Virginia Association of Insurance Agents. Oscar H. West, manager, and Stuart Ragland, member of the executive committee, made talks pointing out the value of local boards to a community.

Regional meetings were scheduled for this week as follows: Staunton, May 24; Lynchburg, May 25; Norfolk, May 26. It is planned to hold additional meetings at Winchester, Culpeper, Alexandria and Charlottesville and in towns in the Northern Neck and Eastern Shore sections before the annual meeting of the association at Hot Springs June 24-25. As a result of the membership drives linked with the meetings the number of members has been increased to 318. R. E. Hawks of Portsmouth is chairman of the membership committee.

Stock Company Agents Are Successful in Lakeland, Fla.

LAKELAND, FLA.—Another hard fight has been won by stock company agents in holding the fire and casualty business here. Competition was more bitter this year by reason of a non-board company of the state and a large mutual group agency getting considerable local

Presides Over Meeting of the Georgia Agents



ANDREW A. COOPER, Rome, Ga.

The annual meeting of the Georgia Association of Insurance Agents will be held Friday and Saturday of this week at Macon. The president is Andrew A. Cooper of Rome, who will be in charge of the business sessions.

backing. The contract is limited to stock companies with capital of \$1,000,000 or more and agents with not less than \$5,000 a year premiums outside of city business.

President Mitchell Stallings of the Florida Insurance Agents Association, writing from his office in Tampa, to the head of the Lakeland local board, said: "I am pleased to learn that the members of the local board have retained control of insurance of the city of Lakeland for another year. It is pointed out that a dangerous situation still exists and I would recommend that the members of your board keep in touch with the members of the commission and other city officials throughout the year, in an endeavor to build up in their minds the belief that the Lakeland board will continue to be the proper parties to handle insurance for the city."

Hail Losses Too Numerous to Make Estimate on Total

OKLAHOMA CITY—With a May record exceeding that of any for the last five years in number of claims, Oklahoma hail losses continue to pile up, according to George W. Kline, manager of the Fire Companies Adjustment Bureau at Oklahoma City. Hail storms have visited 22 towns since May 1, entailing the necessity of having 77 adjusters working in the state. The Bureau's office is so completely swamped with claims that it is impossible to give even a rough estimate of the total loss, Mr. Kline said.

Damage was mainly to roofs and the amount involved in the claims is not expected to reach that of other years but the number of losses reported is record making. The Lawton district was the center of the heaviest loss. Other storm centers were Wilburton, Hartshorne, Haileyville, McAlester, Stratford, Allen, Glandfield, Frederick, Afton, Hugo, Wynnewood, Pauls Valley and other towns in these areas. Practically no grain was left standing in certain areas of Tillman county and western edges of Cotton and Comanche county, reports indicate.

Ley Observes Anniversary

J. D. Ley, local agent of Danville, Va., entertained a group of insurance friends in celebration of the founding of

SOUND - SOLID - SUCCESSFUL

ORGANIZED 1869



CAPITAL \$3,000,000.00

NEW HAMPSHIRE FIRE INSURANCE
ALWAYS A SYNONYM FOR
STABILITY, SERVICE AND THE SQUARE DEAL
TO AGENTS AND POLICYHOLDERS

NEW HAMPSHIRE
FIRE INSURANCE CO.
MANCHESTER, N.H.

GRANITE STATE
FIRE INSURANCE CO.
PORTSMOUTH, N.H.

ORGANIZED 1885

CAPITAL \$1,000,000.00

Eagle  Star
Insurance Company Ltd.

90 John Street, New York

A Large Company Doing an International
Insurance Business. Offices are
Located Throughout the Entire World.

FIRE AUTOMOBILE MARINE

HARRY G. CASPER
United States Manager

BERT A. JOCHEN
Assistant U. S. Manager

his agency. The party was topped off with a game of golf. Among the guests was B. P. Carter, Richmond general agent.

Terrell Gets Richmond

NEW ORLEANS — The Richmond has appointed D. I. Terrell of New Orleans general agent for Louisiana. Mr. Terrell is back at his office following a serious automobile accident.

New Voting Machine Rates

JACKSONVILLE, FLA.—Insurance on voting machines has been reduced from original rates of 65 to 27½ cents per \$100. This rate applies to 53 machines. A rate of 35 cents on 62 machines first purchased holds for the life of the contract.

Roark Heads Lions Club

James B. Roark, president Texas General Agency Company, San Antonio, Tex., has been elected president of the San Antonio Lions Club. Elmo Hammonds of the Hammonds Insurance Agency is secretary-treasurer.

North Carolina Mutual Meeting

The North Carolina Association of Mutual Insurance Agents will hold its meeting at Wrightsville Beach, June 24-25.

Adopt Memorial for Claiborne

Resolutions lamenting the recent death of Walter B. Claiborne, long a member of the board, have been adopted by the Richmond, Va., local board.

A. W. Erek, San Marcos, Tex., has sold his agency to W. H. Tiner, who will consolidate it with his agency.

Thomas C. Hemly has purchased O'Conner & Co., Savannah, Ga., and will operate it under his own name.

B. W. Cubbedge, formerly senior partner in Cubbedge & Morgan, La Grange, Ga., now dissolved, and Judson J. Milam, Jr., have formed the Cubbedge & Milam agency.

PACIFIC COAST AND MOUNTAIN

Adjustment Bureau Makes Several Changes on Coast

The Fire Companies Adjustment Bureau is opening a service office in Ogden, Utah, with J. C. Coryell of the Salt Lake City office in charge as resident adjuster. He will be located at room 314 Eccles building. The branch will be under supervision of Manager R. R. Moe of Salt Lake City.

Ralph B. Sinclair, manager at San Diego, Cal., has resigned due to ill health. Robert L. Barnard, senior adjuster at San Francisco, has been made San Diego manager. He has been with the Fire Companies Adjustment Bureau since 1928, and was formerly with the Western Adjustment as manager at Dayton, O.

Laurence E. Welsh, has been transferred from the Los Angeles office to San Luis Obispo in the automobile and casualty special risk department. He was with the Travelers for seven years as an adjuster handling all lines. He will be associated with Manager A. H. Johnson.

Donald J. Weeks of the Fresno, Cal., office, has been appointed resident adjuster at San Bernardino, Cal., replacing W. T. Fulton who returns to the Los Angeles office.

Committee Chairman of Pacific Board Announced

SAN FRANCISCO—Three sub-committee chairmen of the Pacific Board have been re-appointed by Charles A. Craft, chairman of the executive committee and approved by the members of that committee at a meeting here. E. C. Fox, Cravens, Dargan & Fox, will

continue as head of the earthquake committee; W. W. Gilmore, London & Lancashire, states committee, and H. M. Hinchman of Hinchman-Rolph & Landis, use and occupancy.

Other committee chairmen selected are: Agency status, P. F. McKown; farm, John A. Carlson; oil, J. C. Bunyan; provisional reporting forms, C. A. Bonner; rates and rules, A. T. Bailey; San Francisco metropolitan area, C. D. Lasher; schedule, Chas. L. Barsotti; southern California, J. C. Bunyan; sprinklered risks, W. W. Gilmore.

Salt Lake City Women Organize

Salt Lake City women engaged in various kinds of work in fire and casualty offices have formed the Insurance Women's Association. Its objects are of an educational and social nature. Officers are: President, Dora Rushford, cashier George P. Mang agency, Home of New York; secretary-treasurer, Kathryn Ryan, office manager E. V. Norton agency.

Girls Service Club Elects

LOS ANGELES—The Insurance Girls Service Club has elected these officers: President, Nora Peach; vice-president, Eugenia Smith; recording secretary, Dorothy Evers; corresponding secretary, Nora Walker; treasurer, Olwyn Miller; directors, Ellen Landes, Sue Young, Thelma Johnson, Louise White, DeCosta Roberta Toller and Helen Heywood.

Chartier Is Special Agent

Frank Chartier has been appointed special agent for the H. M. Dinsmore agency at Los Angeles, general agents for Millers National.

Mr. Chartier will assist Manager S. K. Williams. He has served the Springfield F. & M., Northwestern Mutual Fire, F. & G. Fire and has been manager inland marine department for the Victor Montgomery general agency, all in San Francisco.

State Farm Mutual Picnic

The State Farm Mutual Auto of Bloomington, Ill., will hold its annual agents' picnic at Berkeley, Cal., June 4. President R. P. Mecherle and other executives of the company will address the meeting. The agency force of the seven western states reporting through the Berkeley branch, will be on hand. The affair will include a huge barbecue.

LaBow Before Credit Men

SEATTLE—"Insurance as Safeguard" was the subject of an address by Louis LaBow, past president King County Insurance Association, before the Seattle Association of Credit Men. He is head of LaBow, Haynes & Co., Seattle agency.

Approve Hohweisner Nomination

Nomination of Fred Hohweisner, well known San Francisco broker, to succeed himself as chairman of the executive committee of the National Association of Insurance Brokers, is meeting with much approval in his home city. Mr. Hohweisner has been active in brokerage circles for a number of years. He was one of the founders of the Society of Insurance Brokers of San Francisco and serves as chairman of the governing committee of the organization.

New Mexico Agency Changes

The Southwest Underwriters at Deming, New Mexico, have been appointed state agent for the Pearl Assurance, Eureka-Security and Monarch. Cliff Kealey becomes underwriting manager for New Mexico and Arizona. Formerly in the

Assistant Secretary



H. C. EDMUNDSON

H. C. Edmundson who was recently transferred from Chicago to the Pacific coast department of America Fore, has now been elected assistant secretary of Continental and Fidelity-Phenix. In Chicago he served as agency superintendent. He has had extensive experience in the field. He went with the Niagara in 1920 and then moved into the America Fore organization when the Niagara became a member of that group.

Mr. Edmundson is in Chicago this week and is arranging to move his family to San Francisco.

The America Fore western department officers and department heads tendered a luncheon to Mr. Edmundson and to Farm Manager I. D. Goss. Mr. Edmundson was presented with a desk set and clock.

The courtesy extended to Mr. Goss was in anticipation of his contemplated trip to Europe. He is leaving this week.

Rocky Mountain department, the New Mexico territory will hereafter be a part of the Pacific Coast department's territory under the direction of Manager David A. Barry.

Mr. Kealey is a graduate of the University of Illinois and was formerly a fieldman and underwriter in the eastern and midwest states.

Award Beverly Hills Line


LOS ANGELES—Board companies captured the entire \$216,000 fire insurance line on school properties of the Beverly Hills united school district. The board of education allocated it to 15 Beverly Hills agencies. The rate for the coverage was 46.2 cents for five years on 100 percent stipulated valuation. The former rate was 69 cents with 90 percent coinsurance.

This award ends a controversy that has been going on for more than three months. The first proposal was to take the entire line at a flat rate of 45 cents with the stipulated 100 percent. The board of education then asked the Pacific Board for a resurvey and readjustment of rates, which was granted.

Moss Talks to School Class

LOS ANGELES—C. B. Moss, vice-president of Brandt & Co., spoke on "Inland Marine Coverage of Lloyds" at the evening insurance class at Belmont high school. The regular marine and inland marine classes at the school closed the day before and will not be resumed until January. The classes on general lines of insurance will continue throughout June, meeting Monday and Thursday evenings.

A new branch office of Washington General Agency has been opened at 799 Sherwood building, Spokane, Wash., with C. Robert Martin as resident manager.



HOTEL UTAH

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EASTERN STATES ACTIVITIES

Harrington Asks Conciliation

Massachusetts Commissioner Says Companies and Agents Should Settle Their Own Differences

SPRINGFIELD, MASS. — Commissioner Harrington of Massachusetts, in his first public address since assuming office, before the Springfield Board, made a plea for settlement of differences between companies and agents by the parties to the disputes themselves, and a more conciliatory attitude on the part of producers.

"It is my firm conviction that many of the problems which come to the insurance department concerning disputes within the business, particularly in respect to differences between companies and agents, can better be settled by the parties to these disputes," said Mr. Harrington. "As many of you know, I have repeatedly stated that the best regulated business is the business that best regulates itself. My experience in the office which I now hold convinces me that this is the best advice I can give to any gathering engaged in the insurance business. Legislatures and regulatory officials can never settle disagreements between those engaged in the business of insurance in a manner that will be as satisfactory to those affected as will their own solution of their problems.

Changing Attitude Seen

"It is pleasing to note an indication of a changing attitude on the part of certain company executives toward their producers. Recent public utterances by a limited number of company executives indicate that these executives are alive to the danger of serious damage to the American agency system by continued hostility towards brokers and agents. I hope there will be an extension of this conciliatory attitude.

"I am not unmindful of the fact that the agents should consider the best interest of the companies they represent, because neither group can succeed without the other and when disagreements do not exist between them the public is best served. I strongly urge executive organizations and producing organiza-

tions to placate their differences without seeking regulatory assistance.

"Business itself is to blame for excessive governmental regulation, since the executives of business organizations who are complaining the loudest about government regulation are the very ones who rushed to government for assistances in 1930 and thereafter. It is very easy to secure governmental assistances but most difficult to become free from its shackles.

"Confucius once said: 'Freedom in fetters is found.'"

Commissioner Harrington explained he would have to be excused from referring to the compulsory automobile rating business, inasmuch as the schedules for the coming year are still under consideration. He gave a general resume of the establishment and operation of the insurance department and its sources of income.

Phoenix Old Timers' Meeting

Old Guard Rallies to the Colors and Had Their Spring Gathering at Avon Country Club

HARTFORD—The "Phoenix Old Timers," 75 strong, enjoyed their spring outing and banquet at the Avon Country Club, Avon, Conn. The official staff of the Phoenix was represented by Col. Perrin C. Cothran, vice president; Secretary W. M. Shaw; assistant secretaries C. H. Latham, Jr., and J. A. North.

Chairman T. H. Longdon presided at the dinner. The guest speaker was Ward E. Duffy, managing editor "Hartford Times," who spoke on "Freedom of the Press." Other main speakers were Colonel Cothran, who discussed the advantages of lengthy service with the company and also gave a number of interesting stories on his World War experiences; and Advertising Manager John Ashmead.

Four of the members had a total of 194 years of active service. A. E. Schuttenhelm is still in harness with 57 years, Secretary W. M. Shaw with 48 years, H. E. Gage with 45 years, and Cashier W. A. Shew with 44 years. The second oldest member, Vice president Fred C. Gustetter, with 53 years of active service, was unable to attend due to illness.

The new committee elected is composed of Ray T. Hart, chairman, with Ben Chandler, J. George Fagan, C. Hathaway and Larry W. Donlon as associates.

Companies Offer Boston Board Save Harmless Bond

BOSTON.—At the most harmonious meeting of the company and Boston Board committee the outstanding hindrance to the amalgamation of the Boston Board with the Providence Board in the proposed New England Fire Insurance Rating Association was apparently overcome by an offer of the company committee to put up a bond for \$200,000 (or some equivalent arrangement of cash deposits) to save the board harmless from any possible suits arising from the merger.

A meeting of the Boston Board has been called for Friday of this week to act upon the proposal of the companies.

Possibility of Legal Action

It was pointed out that there are 19 leading companies which are members of the board which do not belong to the E. U. A. and which are not interested in the proposed merger, as well as a number of mutual companies. Board members feel consideration must be given these members.

There is a possibility that legal action

Toastmaster



W. F. WINGETT, Sranton, Pa.

W. F. Wingett of Scranton, Pa., president Pennsylvania Association of Insurance Agents, will be the toastmaster at the banquet of the Pennsylvania Insurance Federation featuring "Pennsylvania Insurance Days" at Philadelphia this week. It will be largely a testimonial to J. W. Donahue, resident vice-president of the Maryland Casualty at Philadelphia.

may be taken against the board if it goes into the merger. The board committee has a lease prepared, protecting itself against suits, which it is willing to put into effect if the companies' representatives will accept it.

Should the board's form of lease be accepted it would still be weeks before the New England Fire Insurance Rating Association could be functioning as a unit. The Boston Board has been functioning solely as the rating bureau for Boston territory up to the present time.

Additional Expense Cover for Household Issued

A form has been filed with the New Jersey department for insuring additional expense of feeding, housing, laundering and garaging for all members of an insured household, resulting from their premises being rendered untenable as a result of fire. The intent is to cover the additional expenses over and above the regular rental value that might be necessary in case the insured or any member of his family must live elsewhere, during the time of restoration. The form may be added as a separate item to any policy covering building or household furniture, or may be written as a separate policy. The minimum premium as a separate policy is \$4.

Other Liability

In addition to the liability for the expenses involved in moving, garaging, laundering, feeding or housing for all members of the household, the insurer becomes liable for the expense of moving to and from premises temporarily occupied by the insured or members of the household; the cost of storing household furniture and personal effects, and the additional expense if any of providing fire insurance protection on household furniture and personal effects while temporarily at such other location. The liability for these additional expenses shall not exceed 10 percent of the amount for which the additional expense insurance is written nor \$200, but this shall not reduce the per diem liability.

The policy does not cover the actual rental value of the building or the general living expenses of the insured, but only the necessary additional expenses

and conforming to the insured's general mode of living at the time of the damage by fire. There is no liability during the periods when the premises normally would be unoccupied.

Blackall Surveys Controversy

In response to an inquiry from THE NATIONAL UNDERWRITER, Commissioner Blackall of Connecticut states his views regarding the important controversy between the New York department and the commissioners of certain western states regarding the company examination procedure. He expresses the belief that the issue is not as pronounced nor the cleavage as drastic as it first appeared. It would, therefore, he said, seem that some middle ground, retaining the zone system, but definitely limiting the invitations, in accordance with the size of the company or the spread of its business, would be a compromise that all could agree upon.

North Jersey Night Well Attended

PASSAIC, N. J. — About 30 guests attended the annual "North Jersey Insurance Night" under the auspices of the Passaic County Association of Insurance Agents. Many of the members of the Hudson, Essex and Bergen county asso-



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Pittsburgh Secretary



RALPH ALEXANDER

PITTSBURGH—Ralph Alexander has been elected secretary and treasurer of the Pittsburgh Association of Insurance Agents. He has been manager of the association since it was reorganized and embarked on a wider program of service. A new constitution was adopted and new officers elected recently.

ciations, as well as the Insurance Women of New Jersey, were present.

Speakers included Leon A. Watson, Schedule Rating Office of New Jersey; C. E. Meek, Jr., president New Jersey Association of Underwriters; C. Stanley Stults, formerly president of the New Jersey association, and Mrs. Cristine Nolan, president of the Insurance Women of New Jersey. Commissioner Reilly was to have been the principal speaker but was unable to attend, due to illness.

Baltimore Outing June 15

The Insurance Society of Baltimore will have its summer outing June 15 at the Annapolis Roads Club. There will be a dinner, swimming and other outdoor sports. A large attendance is expected.

Hear Baltimore Librarian

BALTIMORE—At a meeting of the Binders Club J. L. Wheeler, librarian Enoch Pratt Free Library, told of the section devoted to books and other literature on insurance, and how to find the information they might want. The meeting was the last of the season.

Gets Silver Certificate

E. A. Johns of Hawthorne, N. J., has received silver certificates for representing the Security of New Haven and the National of Hartford for 25 years. He was also one of the first appointees in New Jersey of the Hartford Accident, which is celebrating its 25th anniversary this year.

New Jersey Women's Plans

NEWARK—The Insurance Women of New Jersey, which is only a few months old is making rapid strides in membership and is outlining interesting programs. The organization has received invitations from the Insurance Women of New York and the Insurance Women's Club of Staten Island to attend their meetings.

Next month a "Business Methods" meeting will be held, in charge of Miss

Harriett M. Hotchkiss. In July there will be a meeting and a picnic at the home of Mrs. Miliano E. Lawrie, Washington Valley, N. J., and in August a brief business meeting to appoint a nominating committee. The annual meeting will be held in September and will be devoted to fire, accident prevention and safety, in charge of Miss Marion Schenck.

Hear Fielden and Bennett

BOSTON—The Mutual Fire Insurance Association at its monthly meeting had as speakers Paul Fielden, president National Association of Credit Men, and F. P. Bennett, publisher "United States Investor."

Hinkley Worcester Speaker

WORCESTER, MASS.—R. G. Hinkley, New England manager American of Newark, spoke on the Business Development Office movement at the monthly meeting of the Worcester Board.

Rhode Island Endorsements

The National Board has advised members of a form of endorsement that may be used in Rhode Island so as to avoid the necessity of destroying printed policies that are now on hand. A change must be made due to the passage by the

Rhode Island legislature of an amendment to the standard fire policy relating to appraisal in event of disagreement on the selection of an umpire.

Falls in Pittsburgh Address

PITTSBURGH—L. E. Falls, vice-president American, addressed the luncheon of the Credit Association of Western Pennsylvania Tuesday. The program was sponsored by the Pittsburgh Association of Insurance Agents, Smoke & Cinder Club, Insurance Club of Pittsburgh, Pittsburgh Casualty Association, Pittsburgh Surety Association, and the Field Men's Club. John M. Thomas, president National Union Fire, introduced Mr. Falls.

Hall Heads Protective Group

NEWARK—W. A. Hall, Jr., one of the oldest general agents in this city, has been elected for his 14th term as president of the Underwriters Protective Association, which controls the Salvage Corps. Other officers elected are: Vice-president, W. B. Reardon; vice-president and secretary, F. W. Doremus; treasurer, Archibald Kemp.

J. Y. Milne was elected a director for one year to fill the vacancy caused by the death of Franklin W. Fort. All of the other members of the board were re-elected.

auto mechanic knew more about the cleaning of motors than the insurance adjuster, many garages took the usual method of kerosene and gasoline scrubbing to rid the motor of the silt. The net result was that a few miles of driving burned out the motor entirely and the garage man had to make good, for he had been paid by the company for reconditioning the motor properly.

Now the reports are that garage men follow instructions in this regard and thus avoid having to do a job the second time at their own expense.

Discuss Commission Pact

Conversations have been held between the leading writers of automobile finance business, non-conference as well as conference, regarding the possibility of reaching an agreement not to pay more than 30 percent commission for such business. All of the writers of this business would like to see some corrective measures taken and it may be that an agreement can be reached. The companies are faced with losses on this business, due to the bad collision experience, and they are faced with some embarrassing inquiries on the part of insurance departments.

Birmingham's Figures Omitted

In the automobile edition of THE NATIONAL UNDERWRITER, the Birmingham of Pittsburgh was inadvertently omitted from the tabulation. Net automobile premiums written by the Birmingham in 1937 were \$84,079 and net losses paid \$12,657. The Birmingham is affiliated with National Union.

IN THE CANADIAN FIELD

New Standard Automobile Form Is Announced

TORONTO—Effective June 1, a new automobile insurance standard form (S. E. F. No. 32 miscellaneous automobile coverages endorsement) will be put into operation in all provinces in Canada, with the exception of Quebec. A ruling to this effect was issued by Chairman H. D. McNairn, Ontario superintendent, who is a member of the standing committee on automobile insurance forms.

In a letter to all companies transacting automobile insurance, Mr. McNairn pointed out that in view of suggestions contained in letters from companies, the committee decided to adopt in principle the wording of the approved form in general use by a large number of insurance offices, originally approved for the General Exchange. The committee therefore decided to make such changes in title and phraseology as are necessary to conform to the other "standard" forms in use.

Victoria Golf Trophy Presented

VICTORIA, B. C.—W. S. Day of Vancouver has presented the Victoria District Fire Insurance Agents Association a silver golf challenge cup as a perpetual trophy and six miniature replicas of the cup, the latter to be awarded to each year's successful contender. The presentation was made in memory of his late father, Robert Day, who operated an agency in Victoria up to the time of his death 18 years ago.

The gifts were accepted on behalf of the organization by its president, Col. F. Brooke Stephenson, Ker & Stephenson. It was stated that the cup presented by Mr. Day will take the place of a former trophy which had been competed for by members of the Association since 1924 and which was won permanently not long ago by Col. J. R. Kingham.

Tariff Companies Win Fight

TORONTO—Following a four-hour session, a proposal from the board of education finance committee to open up the board's insurance and call for competitive tenders, ended in victory for the tariff companies. The first issue was on whether quotations should be asked for boiler insurance. The trustees decided to renew the policies held with the Boiler Inspection of Canada. The second issue was the com-

mittee's recommendation to ask tenders for insurance on school buildings. The board voted to renew the existing policies.

R. L. Stallings, representing stock companies, said there are 160 of them, and argued that only tariff companies could give satisfactory service. R. L. Jones, for the Canadian Fire Underwriters' Association, said the rate was 34 cents for three years and urged the board not to take cut-rate insurance.

Matson Assistant Manager

MONTREAL—James Matson was appointed assistant manager of the Royal-Liverpool groups with headquarters here. He began his career in Edinburgh with the Scottish Widows' Fund. In 1927 he went to the head office of the Liverpool & London & Globe at Liverpool, where he was assistant actuary, then assistant accident manager.

Bruford to Vancouver

TORONTO—L. C. Bruford of the Toronto staff of the Liverpool & London & Globe, has been appointed inspector at Vancouver for the Royal.

Toronto Institute Elects

TORONTO—Officers of the Insurance Institute of Toronto were elected at the final meeting for the year. The president is G. M. Pelton, and Colin Sword honorary president. Vice-president is Harold Brown; secretary, R. H. Reynolds, and critic, Lou Keats. Committee members include T. L. Jones, William Partridge, Ross Anderson, H. R. Wigglesworth, Bradley Powell, C. McVicar and J. M. Edwards.

MOTOR

Soap and Water Best Cleanser

LOS ANGELES—One of the lessons learned from the southern California flood is that soap and water is the best cleanser for automobile motors.

Some of the companies that had to pay losses on cars under the comprehensive clause of the fire and theft policies advised garages doing their repair work that it was the only means properly to clean motors that had been under the flood water and had been filled with silt and water. On the theory that the

MARINE

Tilting Truck Regarded As Overturning in Decision

What constitutes the overturning of a truck under a cargo insurance policy was before the South Carolina supreme court in Moore vs. Western Assurance. The insured was transporting a truckload of fruit. Traffic congestion suddenly developed and the driver, in order to avoid a collision, ran onto the shoulder of the road. The wheels on the right-hand side sunk to the axles. This caused the load to shift. The sideboards of the truck were broken, and a considerable portion of the fruit was precipitated to the ground and damaged. Suit was brought for this damage. The trial court ruled that "the degree of overturning has nothing to do with it. A slight overturning is as much an overturning as a complete overturning . . . the defendant is liable for damages caused by an overturning such as occurred in this case." The supreme court said it agreed with the trial court, and affirmed judgment against the insurance company.

Object to Adjusting Practice

DETROIT—At the May meeting of the Detroit Association of Insurance Agents the practice of some inland marine insurers of requiring insured to accept replacements of lost jewelry instead of paying cash was criticised. A resolution was adopted requesting members to demand that their companies in case of total loss of any insured jewelry, make cash settlement on the basis of the amount named in the schedule where supported by appraisals of reliable jewelers and that no attempt be made to effect settlement by replacement except at the option of the insured. Arch Creed, chairman marine committee, drafted the resolution.

E. D. Lawson, western manager Fireman's Fund, Chicago, was an interested observer and when called on for remarks said the phrase "made good" in the clause, "all adjusted claims shall be paid or made good to the assured within 30 days after presentation and acceptance

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The insurance law firms whose professional cards are shown on this and the succeeding pages have been selected after careful investigation. They have the recommendation and endorsement of The National Underwriter.

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Continental Casualty Co., Standard Accident Insurance Co., Home Indemnity Co., St. Paul Mercury Indemnity, Insurance Co. of N. A., Represent West-ern Adjustment and Inspection Co.
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Phone Main 1928 CLEVELAND
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Howell L. Fuller Ralph S. Rice

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For clients who have no local adjusters, we investigate, adjust claims as well as handle legal work anywhere in Middle Tennessee.

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Equipped for handling all insurance matters in this territory in State and Federal Courts.
References: Western Adjustment and Inspection Bureau.

(Continued next page)

of satisfactory proof of interest and loss at the office of the company," was to protect the insurer in the event of recovery of the insured properly subsequent to loss and prior to actual settlement. Some of the agents thought that overzealous adjusters were really responsible for the practice complained of.

David Marentette, Detroit Insurance Agency, reported on the mid-year meeting of the National Association of Insurance Agents.

Ruling Made in Indiana

Inland marine companies may now write in Indiana marine and transportation policies: "monies and/or securities in safes, vaults, safety deposit vaults and bank premises" according to a ruling just made by Commissioner Newbauer, rescinding the exclusion included in the definition of interpretation of the insuring powers of marine and trans-

portation underwriters, adopted by the Indiana department, Nov. 1, 1933. The writing of money and securities as above stated is conditional upon approval of the form of policy by the insurance department, that the policies be countersigned by duly licensed agents and that the form of policy conforms to statutory provisions.

Boat Insurance Selling Well

ST. PAUL—Agents in the Twin Cities and in other cities along the upper Mississippi and its tributaries have found a new and growing premium field from coverage on pleasure boats. Never before have there been so many privately-owned yachts and speedboats in these waters and most of them are expensive enough to warrant the owners in carrying full insurance coverage, including fire, liability, property damage and hull damage.

A yacht club has been formed in St. Paul and a regatta is to be staged here in June.

Agents who have been alert to this new business report a growing demand among the boat owners for insurance.

Extra Expense Cover Form to Offer Opportunity

(CONTINUED FROM PAGE 53)

etc., not being applicable to any business where there would be a loss of income due to fire. The coverage is on the excess expense made necessary by the fire over normal expense. It is flat insurance and must be divided in monthly periods of not less than three months, with no more than 40 percent of the face of policy allocated to any one month, and fractional month not used.

In some cases extra expense can properly be written in conjunction with use and occupancy, these being cases where loss of income would be sustained and it would be imperative to go to unusual expense to restore normal operations rapidly.

Withdraw MLU Bankruptcy Suit

KANSAS CITY—Attorneys for participating subscribers who filed an involuntary petition in bankruptcy against the defunct Manufacturing Lumbermen's Underwriters have dismissed the petition, which was on appeal to the federal court of appeals. Subscribers based their suit on the fact that the exchange owed them credits which were overdue.

The dismissal was in accordance with a stipulation between attorneys for the subscribers and the insurance department, which is liquidating the reciprocal, several weeks ago.

"We were satisfied with the way the insurance department was administering the estate," commented Daniel V. Howell, one of the attorneys.

Connecticut Agents Meeting

HARTFORD, Conn.—The mid-summer meeting of the Connecticut Association of Insurance Agents will be held June 8, at the Wampanoag Country Club, in West Hartford. Although the program has not been definitely announced, it is understood that the major part of it will be a round table discussion of agency problems.

S. A. Siebert Loss Superintendent

S. A. Siebert has been appointed loss superintendent in the western department of Fire Association, succeeding A. W. Kohlhaugen, who has joined State Farm Fire. Mr. Siebert has been in the department for several years.

J. R. Cooney in Los Angeles

LOS ANGELES—John R. Cooney, president of the Firemen's, was the luncheon guest here of the Los Angeles, San Diego and Arizona field men of the company.

Adam Dietz and John C. Schmitt, 2524 West Fond du Lac avenue, Milwaukee, have incorporated as Dietz & Schmitt.

Oklahoma Agents Turn Down Rule on Boycott

(CONTINUED FROM PAGE 33)

of stock insurance—the uniformity of policy contract, the forms, rates and their application, as a direct result of team work.

The report of John A. Bosdett, chairman of the Oklahoma Business Development office, revealed considerable activity backed by cooperation of the Oklahoma insurance fraternity generally but more intensive interest was urged from the local agent.

Gets the Public Business

An interesting development in the Oklahoma City Exchange was brought to light in an open forum conducted by President Herbert Heiman. He announced that the Oklahoma City unit had made a special effort to capture the public insurance business, and had succeeded in getting control of 66 percent to date. This was accomplished by intensive work on the part of a special committee headed by L. I. Baker. The county and city business is now being handled through the exchange, with premiums divided among members. The premiums are not distributed but his pro rata share is added to the amount each member has invested in the exchange.

Manager Lew J. McCoy announced that the Oklahoma association has 353 members in good standing, but that he hoped to make it nearer 600 within a year.

Official Staff of Association

The official staff comprises John J. Moffatt, president; Harry P. Frantz of Enid, vice-president; H. J. Moran, Oklahoma City, secretary-treasurer; and the following members of the executive committee: George MacCurdy, Tulsa; John S. Adams, Oklahoma City; Clifford Wetzel, Ponca City; O. C. Combs, Duncan; C. Ray Lawyer, Henryetta, and H. E. Wilkins, Bartlesville. E. R. Ledbetter is national councillor and Lewis J. McCoy is manager.

Time was taken to introduce home office officials who attended the meeting, including Ray McGinnis, Kansas City, representative of the Central Surety, and O. K. Rush, of the Kansas City Fire and Marine.

The final session was reserved for addresses of special interest to Oklahoma insurance men, with Ralph Tolson of Pawhuska, giving a wealth of ideas

based on experience on the value of the association to the isolated agent. Tolson is the only exchange member in his town. A. J. Fluke of Shawnee told interesting details of the functions of a progressive local agency and R. M. Miller, manager of the Oklahoma Audit Bureau, outlined details of bureau operation. He discouraged the idea of agents considering the bureau a sort of police court, but hoped they would look upon it as a cooperative office with a desire to assist rather than criticize. He stated that of the total daily report receipts less than 10 percent were subject to criticism and of this 10 percent 80 percent were corrected.

Only One Resolution

The only resolution passed was one of regret for the resignation of John S. Adams from the executive committee, due to ill health. Mr. Adams' resignation was not accepted by the executive committee but action was deferred pending his recovery.

An association luncheon at noon the first day gave members opportunity for visiting and making new friends.

Open house was conducted in various rooms of the hotel by the Home, Employers Liability, U. S. F. & G., Maryland Casualty and the Hartford.

The meeting place for the 1939 convention was left undecided, to be named by the executive committee later.

Registrations Were Low

Registrations were very low, largely attributed to the fact that many agents were detained in their offices by the heavy hail losses that have piled up in the state during May.

Joseph F. Williams Retires

MILWAUKEE—W. D. Reed, president of the Northwestern National, has announced the retirement of J. E. Williams, manager of the local department. Mr. Williams has been connected with the Northwestern National for almost 50 years, having served in various positions. H. G. Alexander, state agent in Missouri at present and a former resident of Milwaukee, will be transferred to the home office shortly and assume the duties relinquished by Mr. Williams.

H. T. Smasa, of the underwriting department at the home office, has been appointed Missouri state agent, when Mr. Alexander leaves the field to return to the home office as manager of the local department.

Stanley Smith, formerly with the Travelers in Des Moines, has become manager of the life, accident and health department of the V. C. Peterson Co., Marshalltown, Ia.

INSURANCE ATTORNEYS

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Western Ins. Companies of Fort Scott, Sun Indemnity, Central Surety & Ins. Corp., Employers Reinsurance Corp. Others on request. Equipped to investigate and adjust claims in Milwaukee and vicinity.

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Eagle Fire Company
of NEW YORK

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The Oldest New York Insurance Company

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has properly commanded the confidence of its agents and
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NORTH CAROLINA HOME INSURANCE CO.

Fire *Marine*

Great American Group of Insurance Companies New York

GREAT AMERICAN INDEMNITY CO.
ROCHESTER AMERICAN INSURANCE CO.
MASSACHUSETTS FIRE & MARINE
INSURANCE CO.
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